



ANNUAL REPORT

2018 / 2019

MAKING HEADLINES



Population of humpbacks is tracked after whaling pressure

WALDECKANS, a small and conservative whaling community in the Southern Ocean, has seen a resurgence in humpback whales. The population of humpbacks is tracked after whaling pressure. The population of humpbacks is tracked after whaling pressure. The population of humpbacks is tracked after whaling pressure.

Herbie swims south to breed



Accommodation for iSimangaliso

Accommodation for iSimangaliso. The population of humpbacks is tracked after whaling pressure. The population of humpbacks is tracked after whaling pressure. The population of humpbacks is tracked after whaling pressure.



Mtubatuba schools benefit from library programme

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Free Herbie swims south to breed

Herbie the loggerhead turtle swims south to breed. The young elephant ready to be hoisted onto the transporter.

There were tears of joy and sadness from Herbie's fans at her grand send-off from Simangaliso's Nine Mile Beach in KooZulu Natal, when she eagerly pulled her 142kg body towards the crystal clear waves. Herbie, who recently showed signs of wanting to breed while at her uSukulu home, is fitted with a tracker that will supply scientists with information for these years.

Survey sheds light on whales in KZN

The East Coast humpback whale survey was recently conducted in the Simangaliso Wetland Park, an ocean ecosystem forming part of the 40 Duceo Marine World Heritage Sites. Dr Jennifer Olbers, a marine ecologist for Ezemvelo KZN Wildlife, said that over the past decade it had been reported that the humpback whale population was increasing as the number of reported sightings had increased. Populations were also thought to be increasing due to whale populations were communicating with low-frequency acoustic signals that allow interaction over large distances. Noise in the ocean, including large ships or offshore mining activities, can overlap with these acoustic signals and have been reported to induce habitat alterations in their acoustic signals.

The protected Simangaliso coastline offers an important area in which ocean noise from anthropogenic sources is reduced because shipping lanes are further from the coast and offshore mining is prohibited. Making it an ideal location for such a monitoring survey, said Olbers. The monitoring focused on gaining an estimate of overall numbers and group sizes, understanding the activities of migrating whales, as well as gathering information on their health and reproductive status. The survey also allows scientists to monitor and expand their knowledge of humpback whale abundance and population. Chris Kelly, the director of Wildcare, a conservation NGO that specialises in professional monitoring and priority species monitoring, said: "As the Simangaliso Authority need to have a strong understanding of the population of humpback whales in order to effectively conserve them, it is important that we continue to invest in this research, where the results of other direct or indirect collaborative surveys, such as by satellite tagging, can be used to provide the opportunity to understand these successes, but also inform the future management of our oceans and ensure that we do not again enter a stage where the populations of these magnificent animals are threatened." Daily News Reporter



Matubatuba schools benefit from library programme

There needs to be a dedicated teacher responsible for managing the library resources. Nosiopho Ngoboo, iSimangaliso project and facilitator at a number of schools, said: "After looking at a number of applications from schools that have a relationship with both the park and the USM, iSimangaliso was impressed with the way in which the library was resourced and managed at these two schools. Most of the library books have an environmental theme. In the future we can improve access to the library and instill a passion for the environment in the next generation."

Herbie swims free to seek a loggerhead mate

Herbie is fitted with a satellite transmitter donated by the Two Oceans Aquarium in Cape Town, which is fixed to her shell to enable tracking of her progress through the ocean for up to three years. Updates to the transmitter are sent via satellite. Herbie is fitted with a satellite transmitter donated by the Two Oceans Aquarium in Cape Town, which is fixed to her shell to enable tracking of her progress through the ocean for up to three years. Updates to the transmitter are sent via satellite. Herbie is fitted with a satellite transmitter donated by the Two Oceans Aquarium in Cape Town, which is fixed to her shell to enable tracking of her progress through the ocean for up to three years. Updates to the transmitter are sent via satellite.

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■ PART A

GENERAL INFORMATION

Kwsheleni Tower

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INDEMNITY
The Simangaliso Wetland Park Authority, its contractors and their employees shall not be liable for any death, injury, damage, loss or damages suffered by any person (or his/her dependants) arising from any cause whatsoever (including recklessness or negligence), nor shall the Simangaliso Wetland Park Authority, its agents and contractors be vicariously liable for any such consequences arising from an intentional act by an employee of any of them.

EMERGENCY TELEPHONE # 082-797-7944



iSIMANGALISO'S GENERAL INFORMATION

Legal Form of Enterprise:	Established by Regulation 1193 of 24 November 2000, under the World Heritage Convention Act 49 of 1999. The iSimangaliso Wetland Park Authority is a Schedule 3A Public Entity.
Nature of Business:	The iSimangaliso Authority's business is to conserve the iSimangaliso Wetland Park and to create jobs and benefits for communities living in and adjacent to the Park through optimal tourism-based development. iSimangaliso is therefore in the business of conservation, local economic development and tourism.
Name:	iSimangaliso Wetland Park Authority
Registration Numbers:	The iSimangaliso Wetland Park Authority is a Public Entity established in terms of the National Environmental Management: Biodiversity Act of 2004 (No. 10 of 2004)
Head office address:	Dredger Harbour, St Lucia Estuary, 3936
Postal Address:	P/Bag X05, St Lucia Estuary, 3936
Contact telephone number:	035 590 1633
Email address:	info@isimangaliso.com
Website address:	www.isimangaliso.com
External Auditor:	Auditor-General South Africa Registered Auditors
Bankers:	First National Bank



LIST OF ACRONYMS AND ABBREVIATIONS

AG	Auditor-General	MLRA	Marine Living Resources Act, 1998 (Act 18 of 1998)
APP	Annual Performance Plan	MOU	Memorandum of Understanding
APO	Annual Plan of Operation	MPA	Marine Protected Area
BBBEE	Broad-Based Black Economic Empowerment	MTEF	Medium Term Expenditure Framework
BEE	Black Economic Empowerment	MTSF	Medium Term Strategic Framework
CEO	Chief Executive Officer	NDLTF	The National Lottery Distribution Trust Fund
CFO	Chief Financial Officer	NDP	National Development Plan
CPI	Consumer Price Index	NGO	Non-Governmental Organisation
DAFF	Department of Forestry and Fisheries	NPO	Non-Profit Organisation
DEA	Department of Environmental Affairs	PAA	National Environmental Management: Protected Areas Act, 2003 (Act 57 of 2003)
DEFF	Department of Environment, Forestry and Fisheries	Park	iSimangaliso Wetland Park
DWS	Department of Water and Sanitation	PFMA	Public Finance Management Act, 1999 (Act 1 of 1999)
EAP	Economically Active Population	PPP	Public Private Partnership
EIA	Environmental Impact Assessment	PR	Public Relations
Ezemvelo	Ezemvelo KZN Wildlife	Ramsar	Convention on Wetlands of International Importance Especially as Water Fowl Habitat 1971
FY	Financial Year	RLCC	Regional Land Claims Commission
GDP	Gross Domestic Product	SAPS	South African Police Service
GEF	Global Environment Facility	SCM	Supply Chain Management
GRAP	Generally Recognised Accounting Practice	SEED	Socio-Economic Environment Development
HR	Human Resources	SMME	Small, Medium and Micro-Enterprise
IDP	Integrated Development Plan	TFCA	Trans-frontier Conservation Area
ISA	International Standards on Auditing	UNESCO	United Nations Educational, Scientific, and Cultural Organization
IMP	Integrated Management Plan	VUCA	Volatility, Uncertainty, Complexity, Ambiguity
iSimangaliso	iSimangaliso Wetland Park Authority	WHCA	World Heritage Convention Act 1999, (Act No 1 of 1999)
IT	Information Technology		
KZN	KwaZulu-Natal		





MESSAGE FROM THE MINISTER OF ENVIRONMENT, FORESTRY AND FISHERIES

■ The iSimangaliso Wetland Park celebrates its 20th anniversary as South Africa's first World Heritage Site this year.

The Park was inscribed by UNESCO not only for its rich biodiversity, but also because of its variety of ecosystems and superlative natural beauty.

In the annual report of the iSimangaliso Wetland Park for 2018/19 we reflect on where we have come over two decades, from the early days of sixteen parcels of land in different states of conservation or commercial use, and recognise those who forged the way and laid the foundations for what is surely one of Africa's greatest conservation success stories.

The iSimangaliso Wetland Park Authority, an entity of the Department of Environment, Forestry and Fisheries, was established in 2000 as part of Government's turnaround strategy in the second-poorest region of the country. Since then, it has fenced, rehabilitated and rewilded the land; negotiated and concluded eight land claims and co-management agreements; and provided thousands of jobs and economic opportunities in spheres such as tourism, land care, art, craft and conservation. It has also managed the country's greatest wetland rehabilitation project – the restoration of the Lake St Lucia Estuary, which is now at higher levels than it has been for over a decade.

This year, the Organisation has undergone significant transformation and restructuring. Credit is due to those who have steered the ship and stayed the course. In particular, we must pay tribute to the late Minister of Environmental Affairs Dr BEE Molewa, whose good guidance and example is being continued in honour of her wisdom and experience lost by her untimely passing.

Today, iSimangaliso stands proud as a leading model for the protection of a conservation area within a challenging socio-economic context.

Driven by the spirit of working together for a better life, a Park-wide consultation process and mandate review with all stakeholders in late 2018 led to the evolution of the Park's new vision, mission and goals, as well as the broadening of the public understanding of what the Park may realistically deliver. This includes the creation of 431 full time jobs, and 107 people participating in SMMEs and skills development programmes.

iSimangaliso firmly believes in investing in the youth as tomorrow's leaders. To this end, over 5 200 learners visit the Park annually as part of the environmental education

programme, while 112 academic achievers have been supported thus far in tertiary education as they study in fields relevant to the Park's management.

As the Park stands on the brink of its third decade, with new leaders at the helm, iSimangaliso has as a priority the delivery of benefits to its neighbours and landowners – more than 700 000 on the borders of this natural wonder – alongside its commitment to collaborate with stakeholders. In this endeavour to deliver on its mandate, it has the full support of the Department.

The 2018/2019 Annual Report of the iSimangaliso Wetland Park complies with all statutory requirements of the Public Finance Management Act, 1999 (No. 1 of 1999) and National Treasury regulations.


Ms Barbara Creecy, MP

Minister of Environment, Forestry and Fisheries



Today, iSimangaliso stands proud as a leading model for the protection of a conservation area within a challenging socio-economic context.



MESSAGE FROM THE CHAIRPERSON

As South Africa held a dual celebration marking Africa Day and the inauguration of its State President to lead the 6th Administration since the dawn of democracy, the freshly sworn in President Ramaphosa boldly asserted, “Today, we declare that our progress as South Africa depends on – and cannot be separated from – the onward march of our beloved continent Africa.”

On the eve of the much anticipated 2020, wherein no less than five generations of humanity will make the workplace their impact and influence space, the iSimangaliso Wetland Park Authority (the Authority) has invested in grooming the youngest generation who are infused with a love for the environment. The Authority has also harnessed the veterans’ expertise that is manifest in, among others, the rich history carried forth in providing pride of place to the native languages in the naming of our naturally grown fauna and flora, over which we have assumed custodianship roles. Throughout the Park, our visitors learn the rich history of our nature and how its preservation has benefitted generations before, and thus, it is imperative for us to preserve it for future generations who themselves will have so many expectations from the existing Traditionalist, Baby Boomer, X, Y (Millennial) and Z generations.

iSimangaliso was born as South Africa’s first World Heritage Site in December 1999, shortly after the country’s own rebirth into democracy. A brave and bold step forward into new territory, the Park tackled a multitude of firsts

and unknowns. A people’s Park, inscribed by the global UNESCO body as an icon of superb ecological wealth, it was also a paradox positioned as it is in a region of extreme poverty and a paucity of economic opportunities.

From the beginning, management recognised the need to balance these two extremes while remaining ever mindful of the reasons for the Park’s World Heritage Site status. The complexities of such a task require enormous skill and commitment, something that iSimangaliso has not lacked.

An open and honest review of the Entity’s mandate and the need for transformation in a new chapter of South Africa’s young history have brought about many changes in the past year. Under the leadership of incoming Chief Executive Officer, Mr Sibusiso Bukhosini, the Organisation is reorienting its course to be more inclusive and embracing of stakeholders beyond the regularly referred to groupings.

Marked improvements in the Authority’s stakeholder relationship management process have been realised during 2018/2019, which morphed more into partnerships,

and were bolstered with the secondment of Mr Caiphus Khumalo from the Department of Environment, Forestry and Fisheries (DEFF) with his wealth of experience of engaging with ‘People and Parks’ through the Parks fora nationally.

The Authority has always recognised the importance of youth in ensuring the longevity of the Park. With a firm focus on educating and uplifting the next generation, iSimangaliso has a proud history of hosting over 5 000 learners a year in the Park. Like iSimangaliso, many of these have now also come of age and for the past decade, the brightest academic achievers have been able to benefit from the Park’s Higher Education Access support programme. With some of these already forming part of the staff complement, we see a future ahead where conservation and development is seen as not only relevant but extremely rewarding as a career option.

It has been my privilege to lead the Board as Chairperson for the past four years, acknowledging the sterling leadership



and direction provided by the late Minister of Environmental Affairs, Dr BEE Molewa. We have been further enabled through the positive relationship and collaboration with the Ministry of Tourism under the leadership of Mr Derek Hanekom, who also served as interim Minister of Environmental Affairs following the untimely passing of Dr Molewa. We were grateful to receive continued support from Mrs Nomvula Mokonyane during her term as Minister. To all of our leaders past and present, we give you thanks for your selfless dedication and guidance to enable us to perform our duties as the Board to the best of our ability.

The preservation of nature, biodiversity and ecosystems is not a luxury – it is essential for life. There is not one person who was not deeply affected by the severe droughts that wreaked havoc across the entire country over the past several years. The value of water, and especially the catchment areas that provide this vital resource, became crystal clear during a time when it seemed there may be none. Let us not forget the painful lessons learned as we continue with this delicate balancing act of conserving as we develop.

As iSimangaliso ventures forth into the next decade, we wish the team wisdom to take the best of past lessons forward with the vigour and passion that will see the Organisation rise to even greater heights.



Mr Buyani Zwane

Chairperson, iSimangaliso Wetland Park Authority Board



Throughout the Park, our visitors learn the rich history of our nature and how its preservation has benefitted generations before, and thus, it is imperative for us to preserve it for future generations...

BOARD MEMBERS

FOR THE YEAR ENDED 31 MARCH 2019

Non-Executive



Mr P.N.B. Zwane
CHAIRPERSON
(BSocSc, GDHRM; MAP; MBA)



Ms B. Schreiner
VICE-CHAIRPERSON
(BA (Hons); MA; MPhil)



Ms P.S. Dlamini
(MSc Engineering)



iNkosi Z.T. Gumede
(BTech Education)



Mrs T.E. Mhlongo
(BEd (Hons))



Mrs D.S. Nene
(BA (Hons); MA SocSc)



Prof. A.T. Nzama
(STD; BPaed; BA (Hons); BEd;
MEd; MA, MSc; PhD)

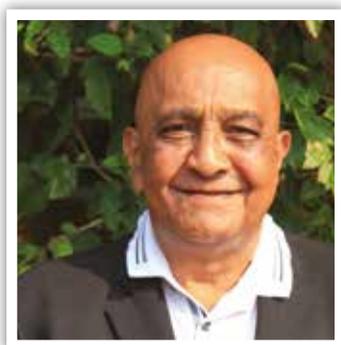


Mr S. Roopa
(BLuris; LLB; MPhil)

Officials

Ms T. Ntloko – Department of Environment, Forestry and Fisheries
Mr B. Langalibalele – Department of Tourism

Executive



Prof. A. Karodia
(ICEO) – April to August 2018
(BVSc; MBA; PhD)



Mr S.E. Bukhosini
September 2018 to March 2019
(BSocSc (Hons); Masters
Environment & Development)





CHIEF EXECUTIVE OFFICER'S OVERVIEW

I joined the Authority in September 2018 a few months before the iSimangaliso Wetland Park would celebrate 20 years since its listing as a World Heritage Site in 1999. I welcome this opportunity to lead this wonderful organisation, which undoubtedly plays a critical role in conservation and eco-tourism.

One of the long-standing challenges the Organisation has been facing for many years was the negative perception that various stakeholders, especially local communities, had about iSimangaliso. Local communities were vocal about the inability of the Authority to provide meaningful economic benefits and conducive platforms for the people living around the Park, to be heard and their issues resolved. Upon being appointed, I have pushed management to focus on changing the image of the Park and rebuilding stakeholder relationships. Many stakeholder fora were conducted during the third and fourth quarter of the year. Local leaders were invited to join a roadshow around the Park. Their concerns were addressed and the Authority is working steadily to ensure that mutual trust is strengthened. A highlight was the engagement with local leaders at the Sodwana Bay section of the Park in order to permit iSimangaliso to roll out construction and development in the area.

Upon arrival, I presided over the development of the new Corporate Strategy for the period 2019/2020-2023/2024. The

new approved strategy seeks to build strong relationships and partnerships with communities and deliver sustainable tourism development. Ultimately, the Authority seeks to transform the biodiversity economy of the area, providing inclusive and sustainable economic opportunities for local communities while effectively protecting the World Heritage Site values. The reviewing of the organisational strategy was essential as it was paramount that the Organisation refocus to meet the urgent needs of the important stakeholders. The groundwork to roll out infrastructure projects that include the rehabilitation of roads and construction of various infrastructure within the Park was finalised during the end of the financial period. The rollout will be done in the 2019/2020 financial year.

It was during the financial year under review that the Authority, with the assistance of the Department of Environment, Forestry and Fisheries, reviewed its organisational structure. A new organogram was approved and implemented in the third quarter of the year. One of the highlights was the establishment of a new supply chain unit

reporting to the Chief Financial Officer. The establishment of the unit will enhance the organisational procurement function, processes and compliance with various supply chain prescripts.

The total revenue for the year was R163 million, of which 79% was from government grants, Park revenue was 14% and other revenue was 7%. The actual reality is that without government grants and the Medium-Term Expenditure Framework (MTEF) operational allocation, the Organisation will be unable to meet its operational costs. This will have a great adverse effect on the Organisation as a going concern. To mitigate against the high dependence on government grants, the Authority is in the process of implementing intervening strategies that will enable it to move away from the status quo and navigate towards being self-sustainable. Steps have been taken to relook at the existing organisational business model in which most tourism and conservation functions were outsourced to Ezemvelo KZN Wildlife. The envisaged new model expected to be implemented in the 2019/2020 period will result in



Park revenue increasing and the Organisation depending less on grant funding.

In terms of liquidity, the current assets exceed current liabilities by R17.3m, which is 1:1.02. The liquidity analysis shows how the Organisation is able to meet its short- to medium-term obligations.

Note 29 of the Annual Financial Statements does not reflect operational commitments relating to contracts cancellable at significant cost as per point 1.19 of the Accounting Policies as it is not a requirement of GRAP. However, it must be noted that a contract for maintenance and cleaning of the Park facilities is cancellable at a cost of six months' service fees, which equates to R16.0m.

One challenge the Authority was facing was its failure to have an in-house technical department to oversee its infrastructure projects. This deficiency forced iSimangaliso to rely on external professional service providers for information and technical guidance. Millions of rands have been spent in paying the external consultants, however, iSimangaliso has a new strategy in which it now requests assistance from other public entities with the necessary expertise to provide the technical services. In doing this, the Authority will benefit more and will save in terms of professional fee costs.

The total number of Park visitors for the period 2018/2019 was 522 954, of which 278 759 were paying visitors,

compared to the period 2017/2018 in which the total was 527 085, of which 285 135 were paying visitors. The Authority will be rolling out a new marketing and tourism strategy to increase the numbers in the period 2019/2020. One of the Authority's mandates is to uplift the local communities living adjacent to the Park through initiatives such as improving access to the Park and providing employment and business opportunities. In the third quarter of the year, the Authority made Park access at Sodwana Bay free for all local visitors. To provide business opportunities for locals, the facilities contract and security fence maintenance were unbundled to offer local SMMEs these opportunities. The unbundling exercise will be finalised in 2019/2020.

I wish to thank my predecessors for laying the foundation, the staff who are the engine of this Organisation, all our partners without whom we wouldn't have achieved and gone this far, and finally our mother department, the Department of Environment, Forestry and Fisheries.



Mr Sibusiso Bukhosini
Chief Executive Officer



Ultimately, the Authority seeks to transform the biodiversity economy of the area, providing inclusive and sustainable economic opportunities for local communities while effectively protecting the World Heritage Site values.



VISION

iSimangaliso's vision is to create Africa's greatest conservation-based tourism destination driven by community empowerment.



MISSION

iSimangaliso's mission is to protect, conserve and present the Wetland Park and its World Heritage values for current and future generations in line with the standards laid down by UNESCO and the World Heritage Convention Act 1999, (Act No 1 of 1999) ('WHCA'), and to deliver benefits to communities living in and adjacent to the Park by facilitating optimal tourism and related development.



VALUES

iSimangaliso staff subscribe to the Batho Pele principles. Core values include a commitment to sustainability, innovation, excellence, and making decisions and taking actions that support the greater good.



ABOUT THE iSIMANGALISO WETLAND PARK

The iSimangaliso Wetland Park World Heritage Site is in its twentieth year of existence, having been inscribed by UNESCO in December 1999 for three outstanding universal values: unique ecological and biological processes, superlative natural phenomena, and biological diversity. iSimangaliso is one of 47 marine World Heritage Sites and South Africa's only current marine World Heritage Site.

Two decades after inscription, much about the area is unrecognisable from its beginnings as 16 different parcels of land. Now consolidated as a contiguous Park spanning 358 534ha of marine and terrestrial protected area, iSimangaliso has rightfully taken its place as one of the country's premier conservation areas, where extensive rewilding and rehabilitation of habitat continues to this day.

iSimangaliso provides critical habitats for a wide range of species. Among these are large numbers of nesting leatherback and loggerhead turtles in the southernmost nesting sites in Africa; the world's oldest fish – the coelacanth – in deep marine canyons off one of the world's top 10 diving sites – Sodwana Bay; a significant population of black and white rhino, elephant, leopard, buffalo, lion, cheetah, wild dog, hippo, crocodile, dolphins, whales, and whale sharks; and the large numbers and breeding colonies of waterfowl such as pelicans, storks, flamingos and herons. The species list for iSimangaliso runs to over 6 500 species, and includes 530 bird species, 11 species that are endemic to iSimangaliso, and 108 that are endemic to South Africa, as well as 467 threatened species. iSimangaliso is, therefore, an essential repository of biodiversity in a rapidly changing world.

The proposed expansion of the marine protected area in October 2018 will substantially increase the area under conservation management by the iSimangaliso Wetland Park Authority, a public entity reporting directly to the National Department of Environmental Affairs.

The Authority began its work in 2002. Its mandate, set out in the World Heritage Convention Act's regulations, is to conserve and protect the Park's World Heritage values, and to empower communities living around the Park through tourism development.



Strategic Overview

The strategic objective of the Authority is the conservation and enhancement of World Heritage values. In order to achieve this, it is important for the Park to remain relevant for people living in the neighbouring areas, beyond the delivery of economic benefits. Two of the key pillars of the strategy are inclusivity and the development of an awareness and realisation of the value of the environment and biodiversity.

Among the considerations taken into account when developing the Authority's strategy are:

- The mandate as set out in the Act
- The national priorities for the environment determined by the Department of Environment, Forestry and Fisheries (DEFF)
- The national priorities set by government for social and economic development in terms of the National Development Plan (NDP)
- The local, provincial and regional context and circumstances
- The iSimangaliso Wetland Park's Integrated Management Plan (IMP)
- Institutional risk.

The Authority's strategy contributes to the following NDP (Table 1) and DEFF (Table 2) objectives:

Table 1: NDP Objectives

NDP OBJECTIVE	DESCRIPTION
Environmental sustainability and resilience	<ul style="list-style-type: none"> • Land and oceans under protection • Energy efficiency • Zero-emission building standards • Climate change • Investment in rural livelihoods • Regulatory framework for land to ensure conservation and restoration of protected areas
South Africa in the region and in the world	<ul style="list-style-type: none"> • Regional integration strategy identifying and promoting practical opportunities for cooperation based on complementary and national endowments
Economy and employment	<ul style="list-style-type: none"> • Reduce unemployment • Young labour market entrants • Increased GDP • Broaden ownership of assets
Social protection	<ul style="list-style-type: none"> • Provide income support through labour market initiatives such as public works programmes, training and skills development
Inclusive rural economy	<ul style="list-style-type: none"> • Tourism investments
Improving education, training and innovation	<ul style="list-style-type: none"> • Provide learning opportunities • Increase enrolments at universities
Healthcare	<ul style="list-style-type: none"> • Prevent and reduce disease burdens through deterring and treating HIV/AIDS, new epidemics and alcohol abuse
Building a capable and developmental state	<ul style="list-style-type: none"> • Public service immersed in the development agenda • Experienced, competent staff • Relations between national, provincial and local government
Fighting corruption	<ul style="list-style-type: none"> • Building a resilient anti-corruption system

Table 2: DEFF Objectives

DEFF OBJECTIVE	DESCRIPTION
Biodiversity and conservation	• Ecosystems conserved, managed, and sustainably used
	• Strengthened knowledge, science and policy interface
	• Improved socio-economic benefits
Climate change and air quality	• Threats to environmental quality and integrity managed
Environmental programmes	• Improved socio-economic benefits
	• Ecosystems conserved, managed, and sustainably used
Corporate affairs	• Equitable and sound corporate governance
	• Adequately and appropriately skilled diverse workforce
	• Efficient and effective information technology service
	• Strengthened knowledge and science for policy interface
	• Enhanced international cooperation of SA environmental/ sustainable plans
Legal authorisations, compliance and enforcement	• Improved compliance with environmental legislation by effective compliance and enforcement
Oceans and coasts	• Threats to environmental quality and integrity managed
	• Strengthened knowledge, science, and policy interface
	• Ecosystems conserved, managed, and sustainably used

Key Institutional Arrangements

INSTITUTION	FOCUS OF ARRANGEMENT	CHALLENGES
Ezemvelo KZN Wildlife	<ul style="list-style-type: none"> Conservation management against a conservation operational plan Operation of overnight accommodation and associated activities against a service level agreement 	<ul style="list-style-type: none"> Monitoring and accountability of service provider through agreement and inter-governmental framework act – unwieldy and not easy to compel specific performance
South African Tourism	<ul style="list-style-type: none"> Marketing 	<ul style="list-style-type: none"> Staying top of mind with South African Tourism
uMkhanyakude District Municipality and associated municipalities	<ul style="list-style-type: none"> Allocation of roles and responsibilities with regard to basic services (water, electricity, refuse, etc.) and planning 	<ul style="list-style-type: none"> Most of the municipalities are or have been under administration and have funding issues negatively impacting service delivery Perceptions of jurisdictional overlap, particularly with respect to planning Appropriate inclusion of the Park IMP in the IDP
Land claimants	<ul style="list-style-type: none"> Co-management agreements 	<ul style="list-style-type: none"> Delays by RLCC in settlement of remaining claims Non-payment of money on settled claims (RLCC has told claimants money is no longer available) Delays in transfer of title Institutional capacity of land claims trusts Unrealistic expectations of level of benefits Challenges in dealing with claimed land parcels under Ingonyama Trust Board
DEFF: Oceans & Coasts	<ul style="list-style-type: none"> Management of the coast (conservation, research and tourism activities) 	<ul style="list-style-type: none"> MOU in place, renewable after three years for further three-year periods Jurisdictional issues, especially with respect to commercial issues Lack of institutional memory
Department of Rural Development and Land Reform	<ul style="list-style-type: none"> Resolution of remaining three land claims 	<ul style="list-style-type: none"> Ongoing support and participation in land claims resolution process by the Park within the Park's legal mandate
Department of Water and Sanitation	<ul style="list-style-type: none"> Use rights to water bodies in the Park Protection of water catchments 	<ul style="list-style-type: none"> Securing collaboration on the issuing of water rights Securing collaboration with respect to the protection of catchments
Department of Agriculture, Forestry and Fisheries	<ul style="list-style-type: none"> Sustainable livelihoods related to agriculture, fisheries and other natural resource use 	<ul style="list-style-type: none"> Legislative greyness/overlap leading to misunderstanding of Protected Area mandates and legislation Securing collaboration on subsistence uses in the Park
Ingonyama Trust	<ul style="list-style-type: none"> Tourism on and conservation of Trust land in Park Cooperation on buffer zone 	<ul style="list-style-type: none"> Working within existing Ingonyama Trust /Ezemvelo agreement Monitoring of rights issued for development and enforcement

Currently, the key challenges affecting the Authority and the execution of its mandate may be summed up as:

- The ability to deliver against the co-management agreements on a scale expected by communities. In addition to the limits on development, and, therefore, community beneficiation, the global recession has impacted negatively on investor markets. To counter this, the Authority has to provide short-term benefits until there is a resurgence in the tourism investment market. There is also a growing idea to review these agreements in an attempt to have realistic and implementable co-management agreements.

- The constraining effect on private sector investment in development of the legal complexities emanating from legislation applied by various government departments, and which impacts on the types of deals the Authority may negotiate.
- The fluid nature of the tourism sector and changing commercial realities and balancing these with the needs of traditional visitor groups, while also ensuring equitable access for all.

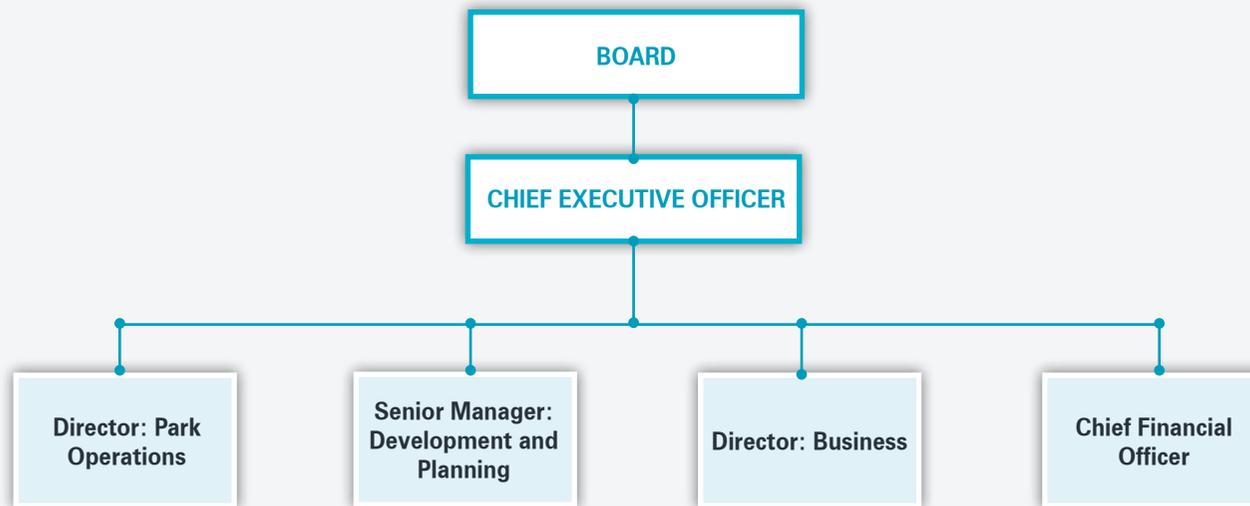
The Authority's approach is to strategically influence critical areas through lobbying, in order to align with Government's

key goals and programmes, and thereby ensuring delivery of economic benefits and empowerment.

International Engagement

The Authority participates in international fora (in particular UNESCO) as part of the State's (e.g. DEFF's) team. In addition, periodic reports are furnished to UNESCO, through DEFF, in line with the requirements of the World Heritage Convention Act. It also participates in the Lubombo Spatial Development Initiative and Lubombo Transfrontier Conservation Area processes and structures.

Organogram





PART B

PERFORMANCE INFORMATION

Performance Report Against Annual Targets

This year's highlights included the:

- Support of 107 people in SMMEs and skills development programmes
- Implementation of free beach access to local visitors at Sodwana Bay
- Clearance of 60 871ha of alien plants using community-based contractors and labour
- Unqualified audit opinion
- Proposed substantial extension of iSimangaliso's marine protected area

PROGRAMME 1: PARK OPERATIONS

This programme is managed by the Park Operations unit of the Authority. The primary functions of the unit are to determine conservation policy and ensure that the day-to-day conservation management activities are undertaken in accordance with the Integrated Management Plan for the Park, as well as the Conservation Operational Plan.

Day-to-day conservation management has been outsourced to Ezemvelo KZN Wildlife. Ezemvelo receives its funding for this function directly from the provincial government. iSimangaliso does undertake certain activities directly. These include land rehabilitation (alien plant clearing), fire management and controlled burns in the Western Shores of the Park, cleaning and maintenance of day visitor facilities and access roads, and access control of all but three of the Park visitor entrances. The unit also engages communities with whom iSimangaliso has signed co-management agreements twice a year in respect of the corporate strategy and Annual Performance Plan. Consultation with communities is a significant and important component of the unit's work. To this end, it is supported by the Socio-economic Development unit, which

designs communication and capacity building interventions for both staff and communities, in particular leadership, in the areas of, for example, administration, management and conservation awareness.

The effectiveness of compliance interventions is dependent on high levels of service delivery from Ezemvelo KZN Wildlife as well as strong working relationships with the South African Police Service (SAPS), provincial and local government and the judiciary. Environmental law programmes have been designed and implemented by the Park for these partner organs of State and agencies. In addition, iSimangaliso issues watching briefs to support prosecutors with criminal cases and takes civil action where necessary.



Strategic Objectives

STRATEGIC OBJECTIVE	EFFECTIVE CONSERVATION OF WORLD HERITAGE VALUES
Objective statement	<ul style="list-style-type: none"> To effectively regulate and manage the World Heritage values within the Park, and mitigate impacts of identified threats to biodiversity and ecological processes
Baseline	<ul style="list-style-type: none"> Complete implementation of annual plans in respect of conservation and threat mitigation
Justification	<ul style="list-style-type: none"> The conservation of the World Heritage values in accordance with South Africa's international obligations to, inter alia, UNESCO and World Heritage and for the provision of ecosystems goods and services
Links	<ul style="list-style-type: none"> iSimangaliso Programmes 2 and 3 DEFF Programmes 2, 3, 4, 5 and 6 NDP (National Development Plan) Objective: (a) Environmental Sustainability and Resilience and (b) South Africa in the region and the world MTSF – (a) Protect and enhance our environmental assets and natural resources (b) vibrant, equitable, sustainable rural communities contributing toward food security for all Nine-point plan initiative 5 Operation Phakisa (ocean's economy and tourism)

Performance against Annual Targets

PERFORMANCE INDICATOR	ANNUAL TARGET	REVISED ANNUAL TARGET	ANNUAL ACTUAL	ACHIEVEMENTS/CHALLENGES
Number of park management meetings attended with day-to-day conservation manager	6	–	6	KPI met
Number of new environmental audits completed	6	–	7	KPI exceeded A total of six planned environmental audits were undertaken. An additional need arose for a further audit late in the financial year, hence the KPI was exceeded
Number of follow-up environmental audits completed	6	–	7	KPI exceeded A total of six planned follow-up environmental audits were completed and because of the unplanned audit mentioned on the above KPI, the follow-up also became necessary
Number of environmental monitors deployed in iSimangaliso	120	–	120	KPI met
Number of hectares of invasive alien plants treated	45 000 (ha)	59 987	60 871 (ha)	KPI exceeded Additional budget of R4 million was received towards the end of Q3, hence the KPI was exceeded
Number of kilometres of accessible coastline cleaned	320	–	320	KPI met

PERFORMANCE INDICATOR	ANNUAL TARGET	REVISED ANNUAL TARGET	ANNUAL ACTUAL	ACHIEVEMENTS/CHALLENGES
Number of hectares burnt in controlled burning programme	2 500 (ha)	1 750 (ha)	1 764 (ha)	KPI met The burning programme is dynamic and is influenced by weather patterns and the subsequent impacts on vegetation and other environmental factors Unfavourable environmental conditions together with unseasonal autumn rains negatively affected burning plans
Percentage applications processed in respect of developments in the buffer zone	80%	–	100%	KPI exceeded because all applications received in the 2018/2019 FY were processed in the same year
Percentage of identified unauthorised developments/ activities actioned legally	100%	–	100%	KPI met
Percentage completion of annual infrastructure maintenance programme	100%	–	100%	KPI met

Strategic Objective: Effective partnerships and stakeholder relations

PERFORMANCE INDICATOR	ANNUAL TARGET	REVISED ANNUAL TARGET	ANNUAL ACTUAL	ACHIEVEMENTS/CHALLENGES
Number of annual stakeholder engagements conducted, including Park Forums	60	120	120	KPI met
Communication Strategy revised and five-year plan developed	Plan completed	-	-	KPI not met After the CEO was appointed in September, the restructuring process was completed. A Media Liaison Officer was put in place and the Communications/PR Manager position was advertised in December. Appointment was finalised in Q4 The Communications/PR Manager will be responsible for the development of the Communications Strategy As an interim measure, the CEO developed a stakeholder engagement strategy and has embarked on a communication process with key stakeholders in the area
Percentage implementation of communication plan (first year)	100%		0%	KPI not met Progress on this KPI has been delayed for the same reasons as described above. Although there have been extensive communication activities since the new CEO was appointed, no annual plan is directing their implementation
Number of community-based communication events	2		2	KPI met



PROGRAMME 2: TRANSFORMATION (SOCIAL AND ECONOMIC DEVELOPMENT)

The transformation programme is integrated into the work of the Tourism and Business Development, Biodiversity Conservation, and Socio-economic Development units. The Socio-economic Development unit is directly responsible for the rolling out of training and development programmes, while the other units are directly responsible for job creation and equity participation in tourism developments.

Its primary function is to improve access to job and income generation opportunities for previously disadvantaged individuals and communities who live in and around the Park, including land claimant groups. The programme includes:

- a. Job creation through land and coast care programmes, and infrastructure programmes;
- b. Training and capacity building for people and community-based contractors employed by the Park;

- c. Development programmes for rural enterprises and entrepreneurs, craft producers and artists;
- d. A higher education access programme that provides bursaries and academic support; and
- e. The procurement of goods and services from black-owned businesses.

In addition, the commercial unit monitors and manages the issuing of licences and concessions that all specify minimum ownership targets for local communities.



Strategic Objectives

Strategic Objective	<ul style="list-style-type: none"> To optimise empowerment in all activities of the Park in order to support the transformation of tourism, conservation and research sectors and through ownership, education, training and job creation
Objective statement	<ul style="list-style-type: none"> Developing and implementing initiatives that (a) Improve the skills of individuals and small enterprises to better compete in the market place for employment and business opportunities; and (b) Support job creation initiatives of the Organisation's other programmes
Baseline	<ul style="list-style-type: none"> 1 550 training days, 2 049 temporary jobs, 142 enterprises supported and 20 bursaries awarded
Justification	<ul style="list-style-type: none"> This is in fulfilment of iSimangaliso's mandate to deliver sustainable benefits to people living around the Park. Furthermore, poverty alleviation and improved access to economic opportunities decreases pressure on natural resources and builds support for biodiversity conservation
Links	<ul style="list-style-type: none"> iSimangaliso Programmes 1 and 3 DEFF Programme 6 NDP objectives (a) Economy and employment; (b) Social protection; (c) Education, training and innovation; (d) Healthcare; and (e) Inclusive rural economy

Performance against Annual Targets

PERFORMANCE INDICATOR	ANNUAL TARGET	REVISED ANNUAL TARGET	ANNUAL ACTUAL	ACHIEVEMENTS/CHALLENGES
Number of full-time equivalent jobs	550	–	431	KPI not met This was due to the delays in receiving funding for landcare contracts that was only received late in the financial year – late August 2018. As a result, the work was delayed
Number of training days	4 800	–	5 795	KPI exceeded. Completed training days. Working for water: <ul style="list-style-type: none"> Dangerous game 190 Bush clearing 1 413 Working for wetlands: <ul style="list-style-type: none"> Basic firefighting 143 Craft programme: <ul style="list-style-type: none"> Market testing 4 Tourism upskilling: <ul style="list-style-type: none"> Nature guiding 40 First-aid level one 18 Art programme: <ul style="list-style-type: none"> The business of art 58 Sculpture course 35 Painting course 48 Environmental awareness 22 The KPI was exceeded due to additional Working for Water (MRM) contractors being appointed and trained



PERFORMANCE INDICATOR	ANNUAL TARGET	REVISED ANNUAL TARGET	ANNUAL ACTUAL	ACHIEVEMENTS/CHALLENGES
Number of people participating in SMMEs and skills development programmes	100	–	107	KPI exceeded
Number of students participating in bursary and support programme	37	–	41	KPI exceeded <ul style="list-style-type: none"> iSimangaliso recruited 14 instead of 10 students due to new vacancies becoming available because students were academically excluded
BEE spend on majority black-owned suppliers as a percentage of qualifying expenditure	60%	–	45%	KPI not met <ul style="list-style-type: none"> The annual target was not met. The main reason was that funding for landcare contracts was received late in the financial year – late August 2018, which delayed the work Infrastructure procurement was revised



PROGRAMME 3: COMMERCIALISATION

This programme is managed by the Tourism and Business Development unit of iSimangaliso.

The primary functions of the unit are: (a) To identify revenue generation opportunities for the Park that are consistent with the parameters set out in the Park's IMP and afford economic benefits to claimants and local communities; (b) Implement the tourism development programme for the Park; and (c) Market and promote the Park as a must-see destination. It does this by outsourcing

activities to third parties and monitoring the operation of tourism accommodation. There are presently three private-public partnerships in respect of accommodation, one public-public partnership with Ezemvelo KZN Wildlife, and 54 identified activity license opportunities. Access control has also been outsourced.

Strategic Objectives

Strategic Objective 1	<ul style="list-style-type: none"> To optimise the Park's revenue generation in an environmentally and commercially sustainable manner that fosters job creation and empowerment of historically disadvantaged communities
Objective statement	<ul style="list-style-type: none"> To identify revenue generation activities that are compatible with the Integrated Management Plan of the Park and simultaneously create opportunities for job creation and ownership
Baseline	<ul style="list-style-type: none"> R15.9m
Justification	<ul style="list-style-type: none"> Own revenue generation is important for the funding of operations and for the reduction of dependence on the fiscus
Links	<ul style="list-style-type: none"> iSimangaliso programmes 1, 2 and 4 DEFF programmes 1, 5 and 6 NDP objectives: (a) Economy and employment: (b) Inclusive rural economy; and (c) Building a capable and developmental state



Strategic Objective 2	<ul style="list-style-type: none"> To promote and market the Park
Objective statement	<ul style="list-style-type: none"> To undertake marketing activities that will increase the profile of the Park and position it as a must-see destination
Baseline	<ul style="list-style-type: none"> 100% implementation of the Annual Marketing Plan and the hosting of three major athletic events
Justification	<ul style="list-style-type: none"> Increased demand will positively affect the revenue and reduce the risk for financial investors
Links	<ul style="list-style-type: none"> iSimangaliso programmes 1, 2 and 4 DEFF programmes 1, 5 and 6 NDP objectives: (a) Economy and employment
Strategic Objective 3	<ul style="list-style-type: none"> To develop environmentally appropriate tourism infrastructure that supports the development of the tourism market for the Park as well as conservation management
Objective statement	<ul style="list-style-type: none"> To improve day-visitor and accommodation facilities in order to improve visitor experience and fulfil the 'marketing promise' and improve the cost structure of the operation
Baseline	<ul style="list-style-type: none"> 100% completion of the Annual Infrastructure Plan for the year
Justification	<ul style="list-style-type: none"> Improved facilities improve the product offering for visitors and simultaneously afford an opportunity to: (a) Remove unused structures and structures that are not fit for purpose; (b) Redesign facilities to incorporate green building standards; and (c) Rationalise facilities and roads in order to reduce the costs of maintenance
Links	<ul style="list-style-type: none"> iSimangaliso programmes 1, 2 and 4 DEFF programmes 1, 5 and 6 NDP objectives: (a) Economy and employment; (b) Inclusive rural economy; (c) Building a capable and developmental state; (d) Environmental sustainability and resilience



Performance against Annual Targets

PERFORMANCE INDICATOR	ANNUAL TARGET	REVISED ANNUAL TARGET	ANNUAL ACTUAL	ACHIEVEMENTS/CHALLENGES
Revenue to the Park from commercial sources (rand million)	R20.7 mil	–	R22.2 mil	KPI exceeded <ul style="list-style-type: none"> • Increase in annual concession fees and CPI increase for licences • Annual increase in Park fees and paying visitors
Number of non-paying local neighbours entries	135 000	–	149 389	KPI exceeded Enhanced gate control system, an increase in local neighbours and the media initiative publicising free entry at Sodwana Bay
Paid visitor entries	250 000	–	278 759	KPI exceeded <ul style="list-style-type: none"> • KPI exceeded for the quarter and the annual target due to enhanced gate controls, pay point system and the increase in paying visitors
Percentage implementation of commercial development plan	80%	–	80%	KPI met
Number of annual marketing events implemented	4	–	4	KPI met
Percentage implementation of Annual Marketing Programme	100%	–	100%	KPI met
Percentage Implementation of Annual Infrastructure Programme	90%	–	100%	KPI exceeded





PROGRAMME 4: FINANCE AND ADMINISTRATION



Sub-programme One: Research and Development

The former Research and Development unit (now Socio-economic Development unit) provided scientific, technical and policy support services to the other units and programmes in the Authority. It was also responsible for the roll out of training and capacity building programmes as well as community development programmes. The details pertaining to the latter are discussed under Programme Two.

applications to shape the research so that it not only contributes to the general/global body of knowledge, but also so that it has relevance to Park management. Additional programme functions include: (a) Monitoring compliance with the research agreements; (b) Disseminating the findings of the research internally and for external communication; (c) Drafting funding proposals for research priorities identified by management where this research is not readily forthcoming from academic quarters; and (d) Negotiating partnership arrangements with institutions that are leaders in particular subject areas. In addition to the scientific support function, the unit was called on to develop plans such as the Integrated Management Plan and to monitor the implementation of same. To this end, contractors may be appointed to manage implementation.



The unit was responsible for: (a) Contracting of research to address specific management objectives; and (b) The management of external research projects. External research applications are processed through the research committee. The committee vets and approves relevant



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Strategic Objectives

Strategic Objective 1	<ul style="list-style-type: none"> To promote research that is innovative and relevant to the knowledge requirements and management objectives of the iSimangaliso Wetland Park
Objective statement	<ul style="list-style-type: none"> Promoting innovation in natural and social science research that is relevant to park management through the: (a) Shaping and approving of externally driven research projects; and (b) Contracting of top specialists to provide scientific and technical research and advice to defined management requirements
Baseline	<ul style="list-style-type: none"> Processing all applications, with conditions, within six weeks of the quarterly Research Committee meeting
Justification	<ul style="list-style-type: none"> The promotion of research capacity of a quality and standard that supports active management and policy development for approaches to conservation and local economic development in protected areas
Links	<ul style="list-style-type: none"> iSimangaliso programmes 1, 2 and 4 DEFF programmes 3, 4 and 5 NDP objectives: (a) Economy and employment; (b) Inclusive rural economy; (c) Building a capable and developmental state; (d) Environmental sustainability and resilience
Strategic Objective 2	<ul style="list-style-type: none"> To present the World Heritage values of the Park
Objective statement	<ul style="list-style-type: none"> To present the World Heritage values of the Park through the implementation of environmental education aimed at youth
Baseline	<ul style="list-style-type: none"> 2 700 learners
Justification	<ul style="list-style-type: none"> To build support for conservation and iSimangaliso through the development of opinion leaders and ambassadors in South Africa's youth
Links	<ul style="list-style-type: none"> iSimangaliso programmes 1, 2 and 4 DEFF programmes 3, 4 and 5 NDP objectives: (a) Economy and employment; (b) Inclusive rural economy; (c) Building a capable and developmental state; and (d) Environmental sustainability and resilience
Strategic Objective 3	<ul style="list-style-type: none"> To develop plans, policies, and strategies for protected area management
Objective statement	<ul style="list-style-type: none"> To develop plans, policies and strategies based on research and technical advice that guide and support conservation, transformation and tourism
Baseline	<ul style="list-style-type: none"> One plan developed; one implementation initiated
Justification	<ul style="list-style-type: none"> Ecological processes and the environment are increasingly under threat by factors outside of management's control such as climate change as well as factors within management's control such as natural resource use. It is important to understand the impacts and develop plans that proactively address these matters to prevent ecological degradation and to also focus resources, particularly in times where cost containment is vital
Links	<ul style="list-style-type: none"> iSimangaliso programmes 1, 2 and 4 DEFF programmes 3, 4 and 5 NDP objectives: (a) Building a capable and developmental state; (b) Environmental sustainability and resilience



Sub-programme Two: Corporate Governance

The Finance and Administration component is responsible for the financial management of the Organisation, as well as human resources, information technology and administrative support for the CEO. A Supply Chain Management division has been created and line managers are responsible for the drafting of tender documentation.

Strategic Objectives

Strategic Objective 1	<ul style="list-style-type: none"> To ensure good governance and a sound control environment
Objective statement	<ul style="list-style-type: none"> To ensure good governance, risk management, and control processes, and reduce audit findings resulting in an unqualified audit report
Baseline	<ul style="list-style-type: none"> Unqualified audit report
Justification	<ul style="list-style-type: none"> The importance of safeguarding and applying taxpayers' funds responsibly and ensuring value for money in expenditure
Links	<ul style="list-style-type: none"> Programme 1: Biodiversity and Conservation, Programme 2: Transformation, Programme 3: Commercial
Strategic Objective 2	<ul style="list-style-type: none"> To ensure that the Organisation is appropriately staffed in order to deliver against its mandate and business plan
Objective statement	<ul style="list-style-type: none"> To position the Organisation as an employer of choice in the market
Baseline	<ul style="list-style-type: none"> 80% retention rate
Justification	<ul style="list-style-type: none"> The importance of attracting qualified and motivated staff and retaining trained and experienced people and so optimise the Organisation's return on its investment in its people
Links	<ul style="list-style-type: none"> iSimangaliso programmes 1, 2 and 4 DEFF programme 1 NDP objectives: (a) Building a capable and developmental state; (b) Fighting corruption

Performance against Annual Targets

PERFORMANCE INDICATOR	ANNUAL TARGET	REVISED ANNUAL TARGET	ANNUAL ACTUAL	ACHIEVEMENTS/CHALLENGES
Percentage of new, approved research proposals that relate to management	50%	–	61%	KPI marginally exceeded <ul style="list-style-type: none"> All four applications approved were relevant to management
Park monitoring programme implemented	Monitoring of impacts of implementation on the ecological health of Lake St Lucia	–	Monitoring of impacts of implementation on the ecological health of Lake St Lucia (reports completed for each quarter)	KPI met

PERFORMANCE INDICATOR	ANNUAL TARGET	REVISED ANNUAL TARGET	ANNUAL ACTUAL	ACHIEVEMENTS/CHALLENGES
Number of visitor market surveys	2	–	1	KPI not met <ul style="list-style-type: none"> It was anticipated that the visitor market survey would be done during the school holidays in March. However, the unanticipated resignation of key personnel and subsequent capacity challenges resulted in the survey not being done
Number of learners visiting the Park	5 000	–	5 210	KPI exceeded <ul style="list-style-type: none"> In total, 5 210 learners visited the Park
Percentage implementation of plans to mitigate the impact of identified threats to rare and endangered species and ecosystems	100% (2)	50% (1)	50% (1)	KPI met <ul style="list-style-type: none"> The first tranche of funding was received in the last week of June so work only commenced in the second quarter iSimangaliso is one of less than five active projects in South Africa and is the first to conclude operation targets – a notable achievement. Project expenditure is 93% YTD. The remaining budget is being held for training scheduled by the Department of Environment, Forestry and Fisheries Due to the delays on DEFF's part in the declaration of the iSimangaliso MPA extension, iSimangaliso requested a change to the annual target during the mid-term review. This was approved by the Minister
Percentage completion of plans requested/ required within the financial year	100% (2)	–	100% (2)	KPI met
Unqualified external audit opinion	Unqualified external audit opinion	–	Unqualified external audit opinion	KPI met
Percentage retention of skills (staff)	90%	–	89%	KPI not met <ul style="list-style-type: none"> The staff number at the beginning of year started with a total of 34. Four people left the employ of iSimangaliso through resignations or termination of contracts. With the employment of new personnel, there was a total of 39 staff at 31 March 2019
Assessment of and percentage implementation of business improvements	100% (2)	–	0%	KPI not met <ul style="list-style-type: none"> Non-responsiveness from SITA, even after National Treasury intervention

■ PART C

GOVERNANCE



CORPORATE GOVERNANCE

Corporate governance is accorded high priority by the Authority. Its Board and staff are required to conduct themselves with integrity and in the best interests of the Authority.

The Authority's Board believes that the Authority has applied and complied with Treasury regulations and the principles of corporate governance in the public sector as well as the applicable management guidelines set down by UNESCO.

The organisational arrangements and systems that have been put in place to ensure good corporate governance embrace the inclusion of non-executive members on the Board, the use of audit, executive and tender committees, as well as independent (outsourced) internal audits. Detailed financial policies and procedures make it clear that corporate governance and financial control are the responsibilities of every staff member in the Authority.

The Authority has received unqualified audit opinions for each year of operation.

GOVERNING BODIES

Roles and Functions

The iSimangaliso Board became the Accounting Authority from 1 April 2018 and the delegations were approved. The Board has approved a charter that provides guidance to its members in discharging their duties and responsibilities. The term of the current Board has ended but has been extended subject to the appointment of a new Board by the current Minister.

Remuneration of the members is prescribed by National Treasury. The CEO's salary is determined in accordance with the grading and remuneration system approved by the then Minister of Environment, Forestry and Fisheries in concurrence with the Minister of Finance.

Audit and Risk Committee

The Audit and Risk Committee is responsible for overseeing audit and risk functions, internal control and the financial reporting process. The committee consists of several independent non-executive members who possess the necessary expertise and qualifications. Other members include the Vice-Chairperson of the Board, as well as one other Board member.

The Chief Financial Officer of the DEFF and a representative from the Auditor-General attend meetings of this committee as observers.

Internal Audit

The internal audit function provides an independent, objective appraisal and evaluation of the risk management processes, internal controls and governance processes, and identifies corrective actions and enhancements to these.

The internal audit function is outsourced. These audits are carried out in accordance with a three-year rolling plan that is updated annually and is based on the risks identified in the risk management process.

Risk Management

The policy on risk management embraces all significant risks that might undermine the Authority's achievement

of its business objectives. In addition to regular reports by the executive, the Accounting Authority and the Board also receive assurance from the internal auditors and Audit and Risk Committee on risk and internal control (see above).

The Accounting Authority, the Board and the Audit and Risk Committee are of the opinion that appropriate risk management policies and practices are in place, and that adequate systems and expertise are applied to achieve compliance with those policies and procedures. Mechanisms for managing risk include, where appropriate, the transfer of risk to third parties (for example, through public-private partnerships), the maintenance of an appropriate mix of self-insurance and commercial insurance for risks that the Authority retains, internal controls, and business continuity planning, among others.

Environmental Management

The Authority abides, primarily, by the National Environmental Management Act: Protected Areas Act, and the World Heritage Convention Act as key legislation. The day-to-day wildlife and biodiversity management is carried out by Ezemvelo KZN Wildlife in accordance with a management agreement between it and the Authority, pursuant to the regulations under the World Heritage Convention Act.

The Authority's environmental programmes conform to international best practice and are in line with the Park's inscription as a World Heritage Site, which was based on its outstanding ecological beauty and biodiversity.



Social Management

The Authority has adopted Government's broad-based black economic empowerment (BBBEE) policies and has implemented a system based on the Department of Trade and Industry's Codes of Good Practice and, where appropriate, on the Tourism Charter. Prospective tourism enterprises in the Park are appraised in terms of a BEE scorecard and include local communities as mandatory equity partners in their operations and as preferred service providers in their procurement plans. The Park also implements special community development programmes. Further, contractors for infrastructure and maintenance contracts are required to comply with 30% of the contract value being subcontracted to local black SMMEs.

Social and Environmental Risk

iSimangaliso is situated in an area beset with high levels of unemployment and poverty, and people living in and around the Park see it as a source of economic benefit, both directly in the form of employment, and indirectly through the use of its natural resources for income generation.

To manage this reality, the Authority implements special community development programmes in areas such as craft production, interpretation of culture, tourism training, art, life skills, HIV/AIDS awareness and entrepreneurship. It also sources people from neighbouring communities in the execution of its construction and land rehabilitation programmes and provides alternatives to unsustainable practices that impact negatively on the ecology.

The Authority actively participates in crime prevention fora in the area.

At a macro level, the Authority monitors the impact of climate change on the natural resources in the Park. It has also raised funds for the monitoring of the hydrology of Lake St Lucia.

Communications

The Authority maintains a policy of open communication with its stakeholders on matters of interest and concern. Every effort is made to ensure that the information furnished to stakeholders conforms to the criteria of openness, substance over form, relevance, clarity, effectiveness, transparency and objectivity.

The Authority publishes regular news flashes in the form of electronic information sheets, which keep stakeholders apprised of developments. It also maintains a website. Quarterly progress reports on performance and the annual report are uploaded onto the website. Public consultations and meetings are held to keep community groups, environmental NGOs, relevant public institutions and private parties informed about iSimangaliso, the challenges and opportunities it faces and the activities it undertakes. Regular meetings are held with land claimants and traditional councils. The Authority participates in a number of intergovernmental committees and fora.

Safety

The Authority abides by occupational health and safety laws and regulations. Staff and contractors working in the Park are trained on how to deal with dangerous game and how to use and dispose of toxic chemicals, especially in the Park's alien vegetation clearing programme. They are also contractually obliged to conform to these prescripts.

Information and Communications Technology (ICT)

The Authority's Strategic Planning Framework guides the Strategic ICT Plan within the Authority, which, in turn, provides an ICT roadmap to ensure that ICT investment is aligned with the business strategy. Future core business applications identified include financial management, document management, content management and a MIS system.

Due to the current structure and size of the organisation, the Authority has outsourced most of the ICT functions to Business Connexion (Pty) Ltd. The broad ICT services rendered and supported through the entire organisation cover areas such as desktop and server management, network administration and maintenance, email and internet management as well as website management.

Organisational structure

Since the restructuring process undertaken during 2018, the Authority has five operating units:

- Socio-economic Development
- Biodiversity Conservation
- Tourism and Business Development
- Finance
- Support Services

The Socio-economic Development unit is responsible for developing sustainable development strategies, local economic development and implementing training programmes for communities. Biodiversity Conservation establishes conservation policy and oversees estate management and the implementation of conservation aspects of a management agreement with Ezemvelo KZN



Wildlife. The Tourism and Business Development unit handles tourism and related development, while Finance is responsible for financial management. Support Services coordinates policy planning and research, communications, human resources and IT functions among others. The staffing of new positions in the revised units is ongoing and will be rolled out over the next three years.

All units are required to develop and implement BEE strategies pertaining to their functional areas.

A joint management committee, representing the Authority and Ezemvelo KZN Wildlife, addresses Park management matters.

Remuneration

The Authority is a total-cost-to-company employer. It is not subject to Public Service scales. Remuneration for Board members and Board committees is regulated by directives from National Treasury. Disclosure of remuneration to managers, as required by Treasury, is made in note 31 to the Annual Financial Statements.

SOCIAL AND ETHICS COMMITTEE (SEC) OF THE ISIMANGALISO BOARD

iSimangaliso is in a process of rebuilding its image, particularly on issues relating to stakeholder management. Much work has been done in advancing cohesive cooperation between iSimangaliso and the communities and there is a paradigm shift that seeks to advocate for 'conservation for the people with the people'.

There are 14 land claims in iSimangaliso Wetland Park, nine of which are settled with five Co-management Agreements while five are still outstanding. The Regional Land Claims Commission (RLCC) is in the process of finalising the remaining claims. The claims were settled subject to land restoration without physical occupation and that the claimed land shall remain a conservation area in perpetuity in terms of the prevailing conservation legislation. It is a key understanding of this committee that the resolution of outstanding claims and the subsequent Co-management Agreements are central to a cooperative relationship across the Park.

Status of Land Claims and Co-management Agreements

SETTLED CLAIMS	UNSETTLED CLAIMS	CO-MANAGEMENT AGREEMENT
Sokhulu	Dukuduku	Sokhulu
Bhangazi	Western Shores	Western Shores
Emdletsheni	Ngwenya	Makhasa
Makhasa	Mbila-Triangle	Nsinde
Jobe	Tembe	Jobe
Mnqobokazi		Mabaso
Nsinde		Bhangazi
Mabaso		Emdletsheni
Mbila-Emandleni		
Total: 9	Total: 5	Total: 8

Cross-cutting issues that the SEC has identified as areas of focus include:

- The establishment of Park fora that will be composed of community representatives from neighbouring communities and land claimants
- Review of Co-management Agreements
- Clarification of buffer zones and applicable legislation, together with DEFF
- Park access for land claimant communities and neighbouring communities
- Park infrastructure development, including construction of roads in the northern section of the Park
- Human wildlife conflict
- Tourism development and opportunities
- Swamp forest destruction by local communities
- Sand mining
- Natural resource harvesting and farming activities

In conclusion, the SEC believes that there is some progress in relation to the general issues relating to social and ethic adherence within iSimangaliso and, particularly, community issues that have faced iSimangaliso during past years. However, it is worth noting that many challenges facing iSimangaliso are so deep that they cannot be overcome within a short space of time. Some areas need urgent political interventions, particularly where tension is high. Other areas are within reach to be stabilised under the guidance of the current leadership, which has demonstrated enormous passion for serving communities and harmonising the relationship between iSimangaliso and the Park's neighbours.



■ PART D

HUMAN RESOURCES MANAGEMENT ■



INTRODUCTION

Human Resources (HR) are a key and central element to the effective functioning and operation of the Authority. The nature of the Authority's operations requires that it has in its ranks motivated, enthusiastic and dedicated employees who are willing to contribute effectively and efficiently to its success. The successful management of the Authority's human resources is an exciting, dynamic and challenging task, given the unique mandate and the reputation of the Authority in the world. The pedigree of the Authority as a World Heritage Site makes it an attractive entity to work for. The partnerships created between the HR department and line management in ensuring that different challenges associated with effective management of employees are taken care of is commendable in the Authority. During the year under review, the Authority has made serious efforts to ensure that necessary mechanisms are employed to create quality of work life for every employee in the Authority. More importantly, the Authority has ensured that it complies with all the legislation that involves the management of employees in the country.

HR PRIORITIES

There are fundamental priorities that the Authority needs to focus on, namely:

- Providing an adequate, appropriately skilled and diverse workforce
- Ensuring that the Authority has appropriately skilled employees capable of delivering against the Authority's mandate and business plan

- Finalising the development and review of HR policies
- Conducting work restructuring and job grading

WORKFORCE PLANNING FRAMEWORK

Workforce planning is an essential HR component in determining the future requirements of an organisation. It helps in anticipating the human resources needs and how these could be met going forward. The planning, however, falters when the existing job arrangements are not in order. It was for this reason that the Authority took a strategic decision to embark on a work structuring exercise, which included the regrading of jobs. Once that was done, employees were then assigned to positions where their skills lay. This exercise created a foundation that ensured that an employee was placed in a job that was correctly graded within an appropriate salary scale. During the year under review, the Authority began to attract quality employees who were more than capable of bringing in the skills, dedication and enthusiasm necessary to help the Authority to fulfil its mandate.

EMPLOYEE PERFORMANCE MANAGEMENT

The Authority was able to develop a performance management policy with clear guidelines on how to manage performance. Even though the policy has not

been implemented, plans are afoot to ensure that it is implemented during the year 2019/2020.

HR POLICY DEVELOPMENT

Among many highlights of the 2018/2019 plan was the development and review of various important HR policies to ensure that the Authority adheres to good corporate governance. These policies will be reviewed on an ongoing basis to align them to any changes that effect their validity and application.

FUTURE HR PLANS

Based on the current year's plans and the highlights as well as challenges experienced for the 2018/2019 financial year, there are several initiatives planned for 2019/2020, among which are:

- Conducting climate surveys to determine employee satisfaction
- Implementing an Employee Performance Management System
- Establishing an Employment Equity/Skills Development Committee
- Developing a Workplace Skills Plan, and submission to the relevant SETA
- Developing the Authority's Employment Equity Plan
- Establishing a Health and Safety Committee

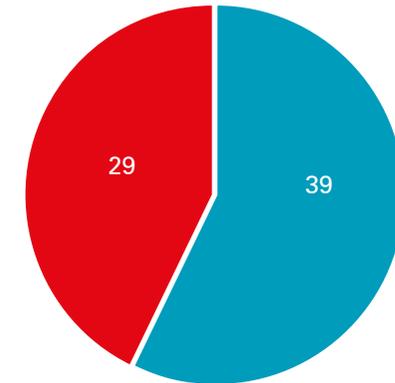


EMPLOYMENT AND VACANCIES

The following table represents the total number of positions on the post establishment, the number of employees and the percentage of vacant posts within iSimangaliso Wetland Park Authority.

Programme/Activity/Objective	No. of Posts on the Approved Post Establishment 2018/2019	2018/2019 No. of Posts Filled	2018/2019 % of Posts Filled	2018/2019 Vacancies	2018/2019 % of Vacancies
Adequate, appropriately qualified and diverse workforce	68	39	57%	29	43%

Employment and Vacancies



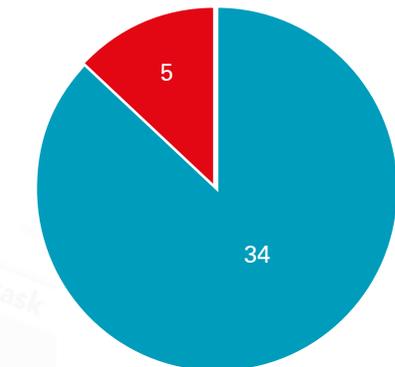
■ No. of Posts Filled ■ No. of Vacancies

EMPLOYMENT CHANGES

The following table represents the total number of positions at the beginning of 2018/2019, appointments and terminations that took place as well as the positions filled at the end of 2018/2019.

Salary Band	Employment at the Beginning of Period 2018/2019	Appointments	Terminations	Employment at the End of 2018/2019
Top management	-	1	-	1
Senior management	3	-	1	1
Professionally qualified	11	3	1	13
Skilled technical	17	4	1	20
Semi-skilled	3	-	-	3
Unskilled	-	-	-	-
Total	34	8	3	39

Employment Changes



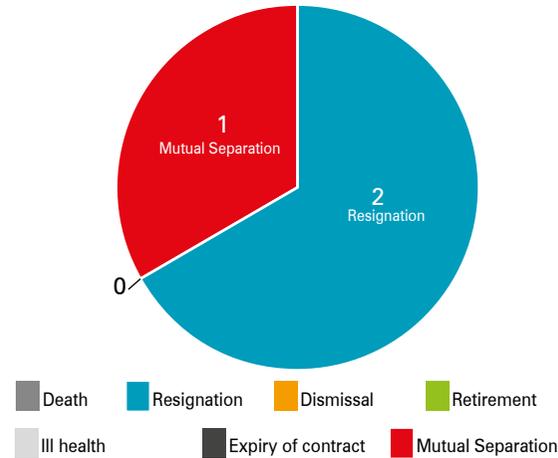
■ Employment at the beginning of period ■ Net Gain (8 appointments less 3 terminations)

REASONS FOR STAFF LEAVING

The following table represents the number of employee exits during the period 2018/2019:

Reason	Number	% of Total No. of Staff Leaving
Death	-	-
Resignation	2	3%
Dismissal	-	-
Retirement	-	-
Ill health	-	-
Expiry of contract	-	-
Mutual separation	1	1%
Total	3	4%

Reasons for Staff Leaving



LABOUR RELATIONS: MISCONDUCT AND DISCIPLINARY ACTION

There were no disciplinary actions during the period 2018/2019:

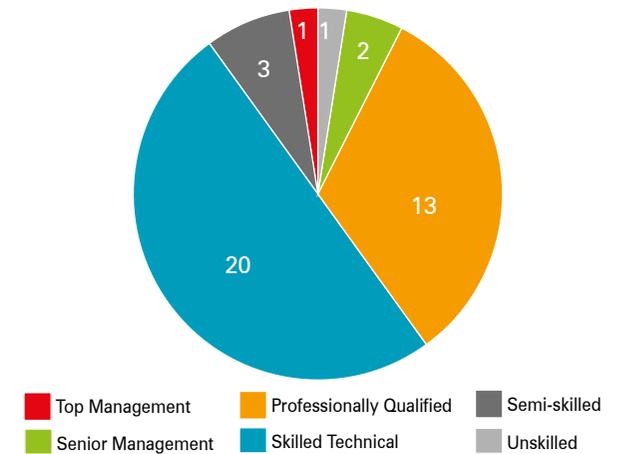
Reason	Number
Verbal warning	-
Written warning	-
Final written warning	-
Dismissal	-

EMPLOYMENT EQUITY

Employment Equity Status by the end of the Financial Year 2018/2019:

Occupational Categories	Males					Females					Total
	A	C	I	W	D	A	C	I	W	D	
Top management	1	-	-	-	-	-	-	-	-	-	1
Senior management	1	-	-	-	-	-	-	1	-	-	2
Professionally qualified	8	-	-	2	-	2	-	-	1	-	13
Skilled technical	10	-	-	-	-	-	9	-	1	-	20
Semi-skilled	1	-	-	-	-	2	-	-	-	-	3
Unskilled	-	-	-	-	-	-	-	-	-	-	-
Total	21	-	-	2	4	9	1	2	-	-	39

Employment Equity



LOOKING AHEAD

The Authority, in partnership with the Department of Environment, Forestry and Fisheries, continues to focus on improving infrastructure and facilities in the Park. Training and development are also key priorities. Projects include:

- R74m to rehabilitate and improve access roads Park-wide. These will benefit both community access for neighbours as well as visitors, enabling better tourism and revenue opportunities
- R48m for the development of the Charters Creek accommodation facility on the Western Shores
- R6.9m for boreholes in water-critical areas to sustain field staff and wildlife
- R5.7m for socio-economic development: training of artisans, lifeguards and infrastructure-related skill
- R1.8m for Park furniture in day visitor sites across iSimangaliso
- R2m for the upgrade of jetties

iSimangaliso continues to engage with communities so that sustainable development can take place alongside the biodiversity conservation of iSimangaliso's World Heritage values.

Mr Buyani Zwane

Chairperson, iSimangaliso Wetland Park Authority Board





■ PART E

FINANCIAL INFORMATION ■



iSimangaliso Wetland Park Authority
ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2019

The reports and statements set out below comprise the Annual Financial Statements presented to Parliament:

	Page
Accounting Authority's Responsibilities and Approval	46
Report of the Audit and Risk Committee	47
Review of Operations and Financial Position	49
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Statement of Financial Position	54
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Statement of Changes in Net Assets	56
Cash Flow Statement	57
Statement of Comparison of Budget and Actual Amounts	58
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ACCOUNTING AUTHORITY'S RESPONSIBILITIES AND APPROVAL

The members are required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the members to ensure that the annual financial statements fairly present the state of affairs of the Authority as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The members acknowledge that they are ultimately responsible for the system of internal financial control established by the Authority and place considerable importance on maintaining a strong control environment.

To enable the members to meet these responsibilities, the accounting authority sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Authority and all employees are required to maintain the highest ethical standards in ensuring the Authority's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Authority is on identifying, assessing, managing and monitoring all known forms of risk across the Authority. While operating risk cannot be fully eliminated, the Authority endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The members are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The members have reviewed the Authority's cash flow forecast for the year to March 31, 2020 and, in the light of this review and the current financial position, they are satisfied that the Authority has or has access to adequate resources to continue in operational existence for the foreseeable future.

The Authority is dependent on the Department of Environment, Forestry and Fisheries for continued funding of operations. The annual financial statements are prepared on the basis that the Authority is a going concern and that the government, through Department of Environment, Forestry and Fisheries has neither the intention nor the need to liquidate or curtail materially the scale of the Authority.

The annual financial statements set out from page 8, which have been prepared on the going concern basis, were approved by the accounting authority on 29 July 2019 and were signed on its behalf by:



Mr P.N.B. Zwane
Chairperson
Accounting Authority Board



Mr S.E. Bukhosini
Chief Executive Officer
iSimangaliso Wetland Park

REPORT OF THE AUDIT AND RISK COMMITTEE

Report of the Audit and Risk Committee

We are pleased to present our report for the financial year ended 31 March 2019.

Audit and Risk Committee Members and Attendance

The Audit and Risk Committee consists of five members listed hereunder and meets at least twice per annum as per its approved terms of reference. During the current year, five meetings were held.

Audit and Risk Committee Responsibility

The Audit and Risk Committee reports that it has complied with its responsibilities arising from **sections 51 and 55 of the PFMA and Treasury Regulation 3.1.13.**

It also reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

Internal Audit and the Effectiveness of Internal Controls

The system of internal controls is designed to provide cost-effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed.

NAME OF MEMBER	24 MAY 2018	20 JULY 2018	30 OCTOBER 2018	28 JANUARY 2019	28 MARCH 2019
L. Quayle (Chairperson and Independent Member)	✓	✓	✓	✓	✓
B. Schreiner (Board Member)	✓		✓	✓	✓
S. Roopa (Board Member)		✓	✓	✓	✓
N. Gevers (Independent Member)	✓	✓	✓	✓	✓
E..K Ameyaw (Independent Member)	✓	✓		✓	✓

Internal Audit provides the Audit and Risk Committee and management with assurance that the internal controls are appropriate and effective, in line with the PFMA and the King Code on Corporate Governance requirements. This is achieved by means of the Risk-based Internal Audit Plan, and the identification of corrective actions and suggested enhancements to the controls and processes.

From the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and the management letter of the Auditor-General, it was noted that identified internal control deficiencies have been, or are being, appropriately resolved. There have been certain irregularities relating to supply chain management that led to irregular expenditure. We are satisfied with the evaluation of the internal control environment as communicated to us and have considered the Authority's action plans to remedy

the weaknesses and irregular expenditure relating to the previous financial years and reported during the current financial year. Except for the matters identified, no other matters were brought to the attention of the Audit and Risk Committee to indicate a material breakdown in internal financial controls.

Risk

The Internal Audit Charter, the risk-based rolling three-year Internal Audit Plan and an Annual Plan aligned with the Authority's risks for the period under review were approved by the committee, which notes that further improvement is required on the risk management strategy.

Governance

The Board changed on 1 April 2018 from an Advisory Board to the Board as the full Accounting Authority. The



ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Audit and Risk Committee welcomes these changes and the subsequent Delegation of Authority Framework that has been implemented.

The Quality of the Quarterly Reports Submitted in Terms of the PFMA

The Audit and Risk Committee is satisfied with the content and quality of quarterly reports prepared and issued during the year under review. The Committee noted remedial actions taken by management to remedy shortcomings identified in both the external and internal audits.

Evaluation of the Annual Financial Statements

The Audit and Risk Committee has reviewed:

- a. And discussed the audited Annual Financial Statements to be included in the Annual Report, with the Auditor-General and the Accounting Authority

- b. The Auditor-General's report and management's response thereto
- c. Changes in accounting policies and practices
- d. Significant adjustments resulting from the audit

The Audit and Risk Committee accepts the Auditor-General's conclusions on the Annual Financial Statements and is of the opinion that they be approved and read together with the report of the Auditor-General.



Leo Quayle
Chairperson of the Audit Committee

Date: 31 July 2019

REVIEW OF OPERATIONS AND FINANCIAL POSITION

Accounting revenue for the year decreased from R234.4m in 2017/2018 to R163.2m in 2018/2019, due mainly to a decrease in project-related grants of R69.6m.

Expenditure decreased by approximately 4% (2017/2018: 6%), from R175.7m to R165.2m in the current year. The major contributors to the net decrease of R10.6m were project costs (R6.1m), loss on disposal of assets (R9.3m) and contracted services (R7.4m). Professional and legal fees also decreased by R2.3m due to minimal utilisation of technical expertise relating to operations.

This year, the Authority made a loss of R1.7m compared to a surplus of R58.7m in the previous year. This loss is the result of fewer capital grants implemented in the current year.

In cash terms, R170.5m of grants and other revenue were received in 2018/2019; R27.5m less than the R197.8m received in the preceding year. Disbursements to suppliers and employees decreased from R140.8m in 2017/2018 to R114.3m in 2018/2019. Net capital expenditure in 2018/2019 was R49.4m compared with R91.9m in 2017/2018 as the pace of projects' roll out decreased.

Overall, cash and cash equivalents increased by R25m, from R174.4m at the end of the 2018/2019 financial year to R199.4m at the end of the year under review.

Non-current assets (property, plant and equipment, intangibles and investment property) increased by R7.2m in the current financial year, compared with an increase of R65.5m during the previous year.

Total net assets decreased by R14.3m, from R651m at the end of 2018/2019 to R636.9m at the end of the year under review. The major decrease in net assets was due to the cash surplus of R12.3m that was repaid to National Treasury.

Two contingent liabilities have been disclosed in note 30 to the financial statements, namely SiyaQhubeka Forests (SQF, a subsidiary of Mondi), in the amount of R35.1m. SQF issued a summons in 2015 in respect of damage caused to certain of their plantations.

The initial amount of the summons was R15m, which was revised during the course of the 2015/2016 financial year to R35.1m; the Authority is opposing this claim. Court proceedings are in their early stages and the Authority's liability, if any, has not yet been determined.

The second contingent liability is in respect of Sanyati in the amount of R12m. Sanyati, a construction company that was contracted to iSimangaliso to construct day visitor facilities in the Park, was liquidated in July 2012. The Authority took the view that it would not recover any monies due to it by Sanyati and wrote the amounts in question off in previous years. Subsequently, Sanyati's liquidator raised a claim for work measured post liquidation, and disputed penalties levied by the Authority against Sanyati for non-achievement of labour targets. The liquidator's claim, however, had not been pursued and, in the Authority's view, may have become prescribed. Nonetheless, the Sanyati liquidator called for the issue of final account and a final payment certificate, indicating that its claim might not, in fact, have

prescribed. In the circumstances, the Authority considers it prudent to treat a potential claim from the liquidator as a contingent liability.

Materiality and Significance Framework

A materiality and significance framework have been developed as a benchmark against which to report losses through criminal conduct and irregular, fruitless and wasteful expenditure as envisaged in section 54(2) of the PFMA. The framework was reviewed by the external auditors.

Commercialisation

The Authority has a commercialisation strategy that includes the improvement of existing public access facilities and the tendering of tourist accommodation and tourism activity concessions to private parties. Typically, the accommodation facilities fall within the scope of the PPP provisions under the PFMA, but this is not always the case. As far as possible, the Authority aims to transfer operating, infrastructure and environmental risk to the private party on all such projects and to secure value for money for itself, which may include, among other things, financial return, the empowerment of people from local communities and affordable public access.

Events Subsequent to the Reporting Date

There are no significant events subsequent to the reporting date.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON iSIMANGALISO WETLAND PARK AUTHORITY

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the iSimangaliso Wetland Park Authority set out on pages 54 to 100, which comprise the statement of financial position as at 31 March 2019, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for three years then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the iSimangaliso Wetland Park Authority as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further

described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.

4. I am independent of the entity in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants (IESBA code), parts 1 and 3 of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including international independence Standards)* and the ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA codes.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Emphasis of matter

6. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Uncertainty relating to future outcome of exceptional litigation

7. With reference to note 30, the entity is the defendant in a fire-claim lawsuit. The entity has referred the claim to its legal counsel. The ultimate outcome of

the matter cannot presently be determined and no provision for any liability that may result has been made in the financial statements.

Material losses

8. As disclosed in note 24 to the financial statements material losses of R6,83 million (2018:R16,08 million) were incurred as a result of assets disposed.

Responsibilities of the accounting authority for the financial statements

9. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with SA Standards of GRAP and the requirements of the PFMA, and for such internal control as the accounting authority determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.
10. In preparing the financial statements, the accounting authority is responsible for assessing the iSimangaliso Wetland Park Authority's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Report of the auditor-general to Parliament on iSimangaliso Wetland Park Authority (continued)

Auditor-general’s responsibilities for the audit of the financial statements

- 11. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
- 12. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor’s report.

Report on the audit of the annual performance report

Introduction and scope

13. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programme presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

- 14. My procedures address the reported performance information, which must be based on the approved performance planning documents of the entity. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
- 15. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programme presented in the annual performance report of the entity for the year ended 31 March 2019:

Programme	Pages in the annual performance report
Programme 1 – park operations	22 -23

16. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

17. The material finding in respect of the reliability of the selected programme is as follows:

Programme 1 – park operations

Number of hectares burnt in the controlled burning programme

18. I was unable to obtain sufficient appropriate audit evidence for the reported achievement for the target of 1750 hectares. This was due to limitations placed on the scope of my work. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the achievement of 1 764 hectares burnt in the controlled burning programme as reported in the annual performance report.

Other matters

19. I draw attention to the matters below.

Achievement of planned targets

20. Refer to the Annual Performance Report on pages 21 to 33 for information on the achievement of planned targets for the year and explanations provided for the under and over achievement of a number of targets. This information should be considered in the context of the material findings on the reliability of the reported performance information in paragraphs 18 of this report.

Adjustment of material misstatements

21. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported

Report of the auditor-general to Parliament on iSimangaliso Wetland Park Authority (continued)

performance information of park operations. As management subsequently corrected only some of the misstatements, I raised a material finding on the reliability of the reported performance information. The uncorrected misstatement is reported above.

Report on the audit of compliance with legislation

Introduction and scope

22. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the entity with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
23. The material findings on compliance with specific matters in key legislations are as follows:

Procurement and contract management

24. Some of the bid documentation for procurement of commodities designated for local content and production, did not meet the stipulated the minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8 (2).

Expenditure management

25. Effective and appropriate steps were not taken to prevent irregular expenditure amounting to R0,69 million as disclosed in note 39 to the annual financial statements, as required by section 51 (1)(b)(ii) of the PFMA.

Other information

26. The accounting authority is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and those selected programme presented in the annual performance report that have been specifically reported in this auditor's report.
27. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
28. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programme presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
29. If, based on the work I have performed, I conclude that there is a material misstatement in this other information, I am are required to report that fact. I have nothing to report in this regard.

Internal control deficiencies

30. I considered internal control relevant to my .audit of the financial statements, reported performance information and compliance with applicable

legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

31. Systems and controls were not designed in a manner that would prevent, detect and address risks that had an impact on performance reporting and compliance monitoring. In this regard, compliance was not reviewed and monitored and the annual performance report was not adequately reviewed to ensure compliance with applicable laws and regulations and that reported achievements are supported by appropriate evidence.

Auditor-General

Pietermaritzburg

31 July 2019



Auditing to build public confidence

Report of the Auditor-General to Parliament on iSimangaliso Wetland Park Authority (continued)

Annexure A – Auditor-general’s responsibility for the audit

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements, and the procedures performed on reported performance information for selected programme on the entity’s compliance with respect to the selected subject matters.

Financial Statements

2. In addition to my responsibility for the audit of the financial statements as described in this auditor’s report, I also:
 - Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority
- Conclude on the appropriateness of the accounting authority’s use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the iSimangaliso Wetland Park Authority’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my Auditor’s Report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. My conclusions are based on the information available to me at the date of this Auditor’s Report. However, future events or conditions may cause an Entity to cease continuing as a going concern
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

3. I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting authority that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.



ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

Statement of Financial Position

as at 31 March 2019

	Note(s)	2019 R'000	2018 Restated R'000
Assets			
Non-Current Assets			
Property, plant and equipment	3	522,707,637	512,717,812
Investment property	4	96,417,114	99,083,473
Intangible assets	5	121,541	241,028
		619,246,292	612,042,313
Current Assets			
Inventories	6	100,532	132,223
Receivables from exchange transactions	7	1,726,034	4,280,149
Receivables from non-exchange transactions	8	11,584,446	55,006
Cash and cash equivalents	9	199,403,761	174,369,064
		212,814,773	178,836,442
Total Assets		832,061,065	790,878,755
Liabilities			
Current Liabilities			
Payables from exchange transactions	10	49,763,869	36,792,545
Unspent conditional grants	11	144,767,109	102,480,449
Income received in advance	12	359,148	357,466
		194,890,126	139,630,460
Total Liabilities		194,890,126	139,630,460
Net Assets		637,170,939	651,248,295
Accumulated surplus		637,170,939	651,248,295

Statement of Financial Performance

as at 31 March 2019

	Note(s)	2019 R'000	2018 Restated R'000
Revenue			
Revenue from exchange transactions			
Park revenue		22,874,355	22,556,078
Management fees		2,895,018	3,292,461
Administration fees		2,592,053	4,762,003
Interest received – investment	13	2,017,752	2,486,553
Other income	14	3,400,502	2,351,523
Total revenue from exchange transactions		33,779,680	35,448,618
Revenue from non-exchange transactions			
Transfer revenue			
Grants and subsidies	15	129,395,499	198,578,221
Public contributions and donations	16	305,842	390,759
Total revenue from non-exchange transactions		129,701,341	198,968,980
Total revenue		163,481,021	234,417,598
Expenditure			
Personnel costs	17	(17,290,897)	(16,372,347)
Project costs	18	(34,618,127)	(40,750,891)
Co-management agreement payments		(1,528,791)	(1,548,269)
Professional and legal fees	19	(7,247,796)	(9,514,945)
Depreciation and amortisation	20	(35,360,575)	(31,364,199)
Lease rentals on operating lease	21	(88,148)	(85,116)
Debt impairment	22	–	(15,896)
Contracted services	23	(17,698,381)	(25,124,242)
Loss on disposal of assets	24	(6,830,559)	(16,083,369)
Other operating expenses 25	25	(44,595,104)	(34,878,349)
Total expenditure		(165,258,378)	(175,737,623)
(Deficit) surplus for the year		(1,777,357)	58,679,975

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

Statement of Changes in Net Assets

	Note(s)	Accumulated surplus	Total net assets
Opening balance as previously reported		592,568,894	592,568,894
Adjustments (Refer to note 35)			
Correction of errors		(574)	(574)
Balance at 1 April 2017 as restated		592,568,320	592,568,320
Changes in net assets			
Surplus for the year		58,679,975	58,679,975
Total changes		58,679,975	58,679,975
Restated* Balance at 1 April 2018		651,248,296	651,248,296
Changes in net assets			
Deficit for the year		(1,777,357)	(1,777,357)
Refund of surplus-Refer to Note 28		(12,300,000)	(12,300,000)
Total changes		(14,077,357)	(14,077,357)
Balance at March 31, 2019		637,170,939	637,170,939

Cash Flow Statement

	Note(s)	2019 R'000	2018 Restated R'000
Cash flows from operating activities			
Receipts			
Park revenue		25,413,739	19,977,976
Grants	15	170,539,289	197,768,542
Interest income	13	2,017,752	2,486,553
Donations		305,842	390,757
Other income		3,400,502	2,351,523
		201,677,124	222,975,351
Payments			
Employee costs		(17,290,897)	(16,372,347)
Suppliers		(97,656,418)	(124,472,260)
		(114,947,315)	(140,844,607)
Net cash flows from operating activities	27	86,729,809	82,130,744
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(45,827,051)	(91,856,415)
Proceeds from sale of property, plant and equipment	3	12,362	1,400
Purchase of investment property	4	(3,580,423)	(21,109,942)
Purchase of other intangible assets	5	–	(254,830)
Net cash flows from investing activities		(49,395,112)	(113,219,786)
Cash flows from financing activities			
Refund of surplus to National Treasury	28	(12,300,000)	–
Net increase/(decrease) in cash and cash equivalents		25,034,697	(31,089,042)
Cash and cash equivalents at the beginning of the year		174,369,064	205,458,106
Cash and cash equivalents at the end of the year	9	199,403,761	174,369,064

Statement of Comparison of Budget and Actual Amounts

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Park revenue	20,739,942	536,058	21,276,000	25,413,739	4,137,739	BC1
Administration fees	4,002,558	(2,156,614)	1,845,944	2,592,053	746,109	BC2
Other	17,154,792	(4,259,116)	12,895,676	8,619,114	(4,276,562)	BC3
Total revenue from exchange transactions	41,897,292	(5,879,672)	36,017,620	36,624,906	607,286	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	185,519,207	14,582,808	200,102,015	160,152,720	(39,949,295)	BC4
Total revenue	227,416,499	8,703,136	236,119,635	196,777,626	(39,342,009)	
Expenditure						
Chemicals & equipment	(4,900,137)	–	(4,900,137)	(4,972,007)	(71,870)	
Depreciation and amortisation	(40,598,931)	3,051,042	(37,547,889)	(35,360,575)	2,187,314	B5
Personnel	(26,526,244)	6,158,951	(20,367,293)	(17,290,897)	3,076,396	BC6
Contracted services	(21,460,966)	7,458,994	(14,001,972)	(26,018,840)	(12,016,868)	BC7
Management and administration	(12,432,817)	11,484,280	(948,537)	(402,051)	546,486	BC8
Professional and legal fees	(9,797,511)	3,571,511	(6,226,000)	(7,247,796)	(1,021,796)	BC9
Subcontractors	(16,221,160)	(8,284,440)	(24,505,600)	(28,074,887)	(3,569,287)	BC10
Training	(5,624,172)	1,624,172	(4,000,000)	(6,778,033)	(2,778,033)	BC11
Other	(27,885,532)	(6,726,129)	(34,611,661)	(26,142,886)	8,468,775	BC12
Total expenditure	(165,447,470)	18,338,381	(147,109,089)	(152,287,972)	(5,178,883)	
Surplus for the year from operating	61,969,029	27,041,517	89,010,546	44,489,654	(44,520,892)	
Capital expenditure	(61,969,029)	(27,041,517)	(89,010,546)	(49,407,471)	39,603,075	BC13
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	–	–	–	(4,917,817)	(4,917,817)	
Basis difference						
Capital expenditure				49,407,471		
Timing difference						
Adjustment for accrual-basis accounting				(46,267,011)		
Actual Amount in the Statement of Financial Performance				(1,777,357)		
Refer to Annexure A for detailed reasons between budget and actual amounts. Refer to Note 40 on timing difference.						

Accounting Policies

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

The Cash Flow Statement is prepared using the direct method.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

These accounting policies are consistent with the previous period.

1.1 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the Authority.

1.2 Going concern assumption

These annual financial statements have been prepared based on the expectation that the Authority will continue to operate as a going concern for at least the next 12 months. The Authority's continuing operations are reliant on the ongoing financial support of government which, amongst other things, implies that government will continue to provide iSimangaliso with adequate grants.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Impairment testing

The Authority reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

Useful lives of non-current assets

Useful lives of property, plant and equipment, intangible assets and investment property.

The Authority depreciates its property, plant & equipment and investment property, and amortises its intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives. The life of the asset is determined with due regard to asset accounting and is determined when the assets are available for use.

The estimation of residual values of assets is based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

The useful lives of assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets in order to determine the optimum useful life expectation, where appropriate.

Budget Information

Deviations between budget and actual amounts are regarded as material differences when there is a deviation of 15% or more. All material differences are explained in Annexure A to the Annual Financial Statements.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the Authority; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired



ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Accounting Policies (*continued*)

1. Presentation of Annual Financial Statements (*continued*)

1.4 Property, plant and equipment (*continued*)

in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the Authority is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

The iSimangaliso Wetland Park is approximately 358 000ha

in extent. The land is unregistered state land with the exception of the section north of Sodwana Bay (approx. 17% of the Park) which belongs to the Ingonyama Trust Board and some 2 hectares abutting St Lucia which belongs to the Mtubatuba Municipality. In terms of GRAP 17, the land is not valued as there is no willing-buyer-willing-seller and the value cannot be reliably measured. The use-right is accounted for in terms of GRAP23, and considered a good-in-kind. GRAP23 requires that goods-in-kind be reflected as assets at fair value where these can be reliably measured. It is not possible to reliably measure this and therefore a value is not ascribed to the land. Furthermore, a number of restrictions are placed on the land under inter alia the World Heritage Convention Act. The land can only be used for conservation and it cannot be sold, leased, or encumbered in any way.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Buildings & structures	30 years except for park homes depreciated over 10 years
Roads & bridges	20 years
Fences	15 years
Reservoirs & boreholes	15 years

Motor & other vehicles	5 to 12 years
Computer equipment	3 to 15 years
Office equipment	3 to 20 years
Furniture & fittings	10 to 20 years
Operating equipment	2 to 20 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the Authority. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The Authority assesses at each reporting date whether there is any indication that the Authority expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the Authority revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Accounting Policies (*continued*)

1. Presentation of Annual Financial Statements (*continued*)

1.4 Property, plant and equipment (*continued*)

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

The Authority separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 3).

The Authority discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 3).

1.5 Investment property

Investment property is property (land or a building – or part of a building – or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Authority holds investment property in order to generate fees. It grants use-rights to third parties through private public partnership (PPP) agreements. Typically these PPPs transfer operational and business risk to the third party. The third party is required to insure and maintain the underlying

assets and pay a PPP fee to the Authority for the use-rights.

With the exception of three properties, the properties are all managed by Ezemvelo KZN Wildlife, directly or through subcontractors. The Authority does not charge Ezemvelo KZN Wildlife a PPP fee.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Authority, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is taken to be 30 years.

Transfers to and from investment property are made when there is a change in use. Investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic

benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in surplus or deficit in the period of retirement or disposal.

The Authority discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note 4).

1.6 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an Authority and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the Authority intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the Authority or from other rights and obligations.

A binding arrangement describes an arrangement that confers similar rights and obligations on the parties to it as if it were in the form of a contract.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Authority; and
- the cost or fair value of the asset can be measured reliably.

The Authority assesses the probability of expected future



ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Accounting Policies (continued)

1. Presentation of Annual Financial Statements (continued)

1.6 Intangible assets (continued)

economic benefits or service potential using reasonable and supportable assumptions that represent management's best estimate of the set of economic conditions that will exist over the useful life of the asset.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Average useful life
Website	3 to 15 years
Computer software	3 to 15 years

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of intangible assets is included in surplus or deficit when the asset is derecognised.

1.7 Biological Assets

The iSimangaliso Authority is responsible for managing a wide range of fauna, flora, geological structures and unique scenery.

Since the iSimangaliso Authority does not control conditions affecting the progeny or quantity of any species,

and since its main line of business does not include trade in these assets, it does not account for any biological assets.

1.8 Heritage assets

The iSimangaliso Wetland Park was the first South African World Heritage Site to be listed by UNESCO. The Park was listed on the basis of its superlative natural beauty, biodiversity and threatened species and ecological processes. The Park is 358 534 hectares including 5 ecosystems, viz marine, coastal dune, lake, swamps, and dry savannah woodlands, thickets and sand forest. The Park also includes 4 RAMSAR sites. The Authority does not attach a value to its Heritage Assets as there is no active market and the value cannot be measured reliably.

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.10 Inventories

Inventories are held for the delivery of services and includes items such as chemicals for alien plant clearing and land rehabilitation, stationery and promotional (merchandising) materials.

Inventories are initially measured at cost except where inventories are acquired through a non-exchange

transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the Authority.

1.11 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Accounting Policies (*continued*)

1. Presentation of Annual Financial Statements (*continued*)

1.11 Impairment of cash-generating assets (*continued*)

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Designation

At initial recognition, the Authority designates an asset as non-cash-generating, or an asset or cash-generating unit as cash generating.

The designation is made on the basis of a Authority's objective of using the asset.

The Authority designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash generating asset or non-cash-generating asset based on whether the Authority expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate commercial return, the Authority designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of Non-cash-generating assets, rather than this accounting policy.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The Authority assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the Authority estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Authority also tests a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the Authority estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the Authority applies the appropriate discount rate to those future cash flows.

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the Authority recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Authority determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the Authority use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.



ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Accounting Policies (continued)

1. Presentation of Annual Financial Statements (continued)

1.11 Impairment of cash-generating assets (continued)

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the Authority does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Reversal of impairment loss

The Authority assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer

exist or may have decreased. If any such indication exists, the Authority estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.12 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Designation

At initial recognition, the Authority designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating.

The designation is made on the basis of a Authority's objective of using the asset.

The Authority designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

Accounting Policies (continued)

1. Presentation of Annual Financial Statements (continued)

1.12 Impairment of non-cash-generating assets (continued)

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The Authority assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the Authority estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the Authority also tests a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the Authority recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset

is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The Authority assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the Authority estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.13 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the Authority receives value from another Authority without directly giving approximately equal value in exchange.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Government grants

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the Authority,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The Authority assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds.

Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the Authority.



ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Accounting Policies (*continued*)

1. Presentation of Annual Financial Statements (*continued*)

1.13 Revenue from non-exchange transactions (*continued*)

An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow.

Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

Other grants and donations

Other grants and donations are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the Authority;
- the amount of the revenue can be measured reliably; and
- to the extent that there has been compliance with any restrictions associated with the grant.

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

1.14 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the Authority;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Park revenue

Park revenue comprises inter alia fees for tourism activities operated for gain by private parties in the Park, gate-entrance fees, and events and filming. Park revenue is recognised touring activities have been performed. Fees

for commercial activities are due in advance. Invoices are raised in respect of such fees in the last week of the preceding month in cases where there is a regular monthly charge and in advance of an ad hoc activity. The fees are recognised as income in advance and transferred to income received on the first day of the month.

Management and Administration fees

Management and administration fees from the management of projects are recognised on a pro-rata basis over the specific period in which the service is rendered.

1.15 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.16 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

Leave pay, medical aid and study loans are provided for as follows:

Leave pay

The Authority provides for estimated leave pay in full, based on the total days' leave accruing to employees at their respective total cost of employment.

Accounting Policies (continued)

1. Presentation of Annual Financial Statements (continued)

1.16 Employee benefits (continued)

Medical Aid

Medical aid is mandatory for all staff and is included in the total cost of employment.

Study Loans

The Authority provides study loans to staff. These are converted to grants on successful completion of each year of study and provided that the staff member concerned does not resign within a year of completion of the particular year of study.

1.17 Expenditure

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets.

Where an outflow of economic benefits does not result in future benefits, it is disclosed as fruitless and wasteful expenditure.

The point at which an expense is recognised is dependent on the nature of the transaction or other event that gives rise to the expense. Where future economic benefits are consumed immediately or soon after acquisition, for example, contracted expenditure, projects costs and other operating expenses, the expense is recognised in the reporting period in which the acquisition of the future economic benefit occurs. Where future economic benefits are expected to be consumed over several reporting periods e.g. non-current assets, expenses (depreciation) is allocated systematically to the reporting period during which the future economic benefits are expected to be consumed; where expenditure produces no future economic benefits e.g. fines paid, an expense is recognised immediately; and

where a liability is incurred without the recognition of an asset an expense is recognised simultaneously with the recognition of the liability.

Generally, expenses are accounted for on an accrual basis at fair value. Under the accrual basis of accounting expenses are recognised when incurred usually when goods are received or services are consumed. This may not be when the goods or services are actually paid for. Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction.

Major expenses include:

- Project costs – all operating expenditure incurred in implementing projects that are funded by grants;
- Contracted services-included are costs incurred to repair and maintain assets by external parties on contract basis;
- Professional fees-all expenses related to professional services rendered to the Authority;
- Losses on the disposal of non-current assets are reported separately from expenses in the Statement of Financial Performance; and
- Other operating expenses which constitute several expense items which are not individually significant.

1.18 Provisions and contingencies

Provisions are recognised when:

- the Authority has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the Authority settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If an Authority has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

Accounting Policies (*continued*)

1. Presentation of Annual Financial Statements (*continued*)

1.18 Provisions and contingencies (*continued*)

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 30.

1.19 Commitments

Items are classified as commitments when an Authority has committed itself to future transactions that will normally result in the outflow of cash.

The commitments disclosed in the disclosure note are the differences between expenditure to date and expenditure contracted for as at the reporting date. Material contracts entered into after the reporting date but prior to approval of the financial statements will be disclosed under subsequent events.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost, and
- Contracts should relate to something other than the routine, steady, state business of the Authority – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.20 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.21 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial

performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- a. PFMA; or
- b. the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- c. any provincial legislation providing for procurement procedures in that provincial government; or
- d. Provincial instructions issued in terms of section 76 of the PFMA; or
- e. internal policies of the public entity; or
- f. any applicable legislation.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular

expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned.

If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

1.23 Segment reporting

The iSimangaliso Authority's mandate is to conserve the World Heritage values and in so doing provide eco-systems goods and services, tourism and transformation opportunities. While there are separate units in the organisation responsible for aspects of this service, management relies and uses the financial information of the business as a whole to assess performance and make decisions concerning inter alia the allocation of resources.

Accounting Policies (continued)

1. Presentation of Annual Financial Statements (continued)

Consequently, for purposes of GRAP 18 the businesses are considered to have one segment. There is therefore no requirement for additional notes to the financial statements in this regard. The iSimangaliso Authority operates in one geographic area viz., northern KwaZulu-Natal, in the proclaimed iSimangaliso Wetland Park. It does not distinguish between the various sections of the iSimangaliso Wetland Park in its reporting for decision making purposes.

1.24 Budget information

Entities are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by Authority shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 4/1/2018 to 3/31/2019.

The annual financial statements and the budget are not on the same basis of accounting therefore a reconciliation between the statement of financial performance and the budget have been included in the annual financial statements.

Deviations between budget and actual amounts are regarded as material differences when there is a deviation of 15% or more.

All material differences are explained in Annexure A to the Annual Financial Statements.

Comparative information is not required.

1.25 Related parties

A related party is a person or an Authority with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an Authority that is subject to common control, or joint control.

Related party transaction is a transfer of resources, services or obligations between the reporting Authority and a related party, regardless of whether a price is charged.

Management are those persons responsible for planning, directing and controlling the activities of the Authority, including those charged with the governance of the Authority in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the Authority.

The Authority is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the Authority to have adopted if dealing with that individual Authority or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting Authority's legal mandate.

Where the Authority is exempt from the disclosures in accordance with the above, the Authority discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the Authority's financial statements to understand the effect of related party transactions on its annual financial statements.

1.26 Tax

No provision is made for taxation as the Authority is exempt from income tax as per section 10(1)(cA(ii) of Income Tax Act. It also does not charge value-added tax as it is precluded from doing so by statute.

1.27 Risk management

The Authority transfers risk to third parties in instances where use-rights are conferred on these parties. It imposes an obligation on all such third parties to adequately insure buildings and structures allocated for their use. The remaining risk, which the Authority carries itself, is within Authority's ability to manage.

1.28 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The Authority will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The Authority will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

Notes to the Annual Financial Statements

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The Authority has not applied the following standards and interpretations, which have been published and are mandatory for the Authority's accounting periods beginning on or after April 1, 2019 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 110 (as amended 2016): Living and Non-living Resources	April 1, 2020	Unlikely there will be a material impact
• GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements	April 1, 2019	Unlikely there will be a material impact
• GRAP 7 (as revised 2010): Investments in Associates	April 1, 2019	Unlikely there will be a material impact
• GRAP 8 (as revised 2010): Interests in Joint Ventures	April 1, 2019	Unlikely there will be a material impact
• GRAP 18 (as amended 2016): Segment Reporting	April 1, 2019	Unlikely there will be a material impact
• GRAP 20: Related parties	April 1, 2019	Unlikely there will be a material impact
• GRAP 32: Service Concession Arrangements: Grantor	April 1, 2019	Unlikely there will be a material impact
• GRAP 105: Transfers of functions between entities under common control	April 1, 2019	Unlikely there will be a material impact
• GRAP 106 (as amended 2016): Transfers of functions between entities not under common control	April 1, 2019	Unlikely there will be a material impact
• GRAP 107: Mergers	April 1, 2019	Unlikely there will be a material impact
• GRAP 108: Statutory Receivables	April 1, 2019	Unlikely there will be a material impact
• GRAP 109: Accounting by Principals and Agents	April 1, 2019	Unlikely there will be a material impact
• IGRAP 11: Consolidation – Special purpose entities	April 1, 2019	Unlikely there will be a material impact
• IGRAP 12: Jointly controlled entities – Non-monetary contributions by ventures	April 1, 2019	Unlikely there will be a material impact
• IGRAP 17: Service Concession Arrangements where a Grantor Controls a Significant Residual Interest in an Asset	April 1, 2019	Unlikely there will be a material impact
• IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land	April 1, 2019	Unlikely there will be a material impact

Notes to the Annual Financial Statements (continued)

	2019			2018 *Restated		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
3. Property, plant and equipment						
Buildings and structures	222,029,555	(42,474,208)	179,555,347	204,685,755	(36,915,010)	167,770,745
Roads and bridges	380,501,191	(79,755,610)	300,745,581	362,934,315	(61,623,379)	301,310,936
Fences	47,354,153	(20,768,214)	26,585,939	47,788,303	(21,841,302)	25,947,001
Reservoirs and boreholes	15,276,481	(6,356,969)	8,919,512	15,068,372	(5,404,485)	9,663,887
Motor vehicles	2,561,180	(1,621,927)	939,253	2,561,180	(1,211,227)	1,349,953
Computer equipment	1,056,530	(710,669)	345,861	981,107	(683,643)	297,464
Office equipment	173,109	(63,187)	109,922	111,432	(45,206)	66,226
Furniture and fittings	719,103	(487,646)	231,457	722,223	(461,630)	260,593
Operating equipment	7,876,143	(2,601,378)	5,274,765	8,002,474	(1,951,467)	6,051,007
Total	677,547,445	(154,839,808)	522,707,637	642,855,161	(130,137,349)	512,717,812
Reconciliation of property, plant and equipment – 2019		Opening balance	Additions	Disposals	Depreciation	Closing balance
Buildings and structures		167,770,745	23,341,839	(5,139,847)	(6,417,390)	179,555,347
Roads and bridges		301,310,936	17,834,449	(267,573)	(18,132,231)	300,745,581
Fences		25,947,001	4,146,231	(278,475)	(3,228,818)	26,585,939
Reservoirs and boreholes		9,663,887	286,214	(26,036)	(1,004,553)	8,919,512
Motor vehicles		1,349,953	-	-	(410,700)	939,253
Computer equipment		297,464	106,798	(16,181)	(42,220)	345,861
Office equipment		66,226	77,007	(5,279)	(28,032)	109,922
Furniture and fittings		260,593	29,918	(10,122)	(48,932)	231,457
Operating equipment		6,051,007	4,595	(95,445)	(685,392)	5,274,765
		512,717,812	45,827,051	(5,838,958)	(29,998,268)	522,707,637



Notes to the Annual Financial Statements (continued)

	Note(s)	2019 R'000	2018 Restated R'000
3. Property, plant and equipment (continued)			
Expenditure incurred to repair and maintain property, plant and equipment			
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance under contracted services to the value of R7 739 776 is as follows:			
Funded from internal operations			
Buildings and structures		18,498	682,729
Fences		2,908,109	8,175,312
Reservoirs and boreholes		3,880,156	2,946,576
Roads and Bridges		545,733	1,113,967
Motor vehicles		115,368	16,285
Equipment		270,055	238,624
Facilities		-	8,225,491
Non-capital items		1,857	12,393
Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance under project costs to the value R8 320 459 of is as follows:			
Buildings and structures		670,403	-
Roads and Bridges		7,650,056	-
		16,060,235	21,411,377
A register containing the information of all assets is available for inspection at the registered office of the Authority.			



ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

Notes to the Annual Financial Statements (continued)

	2019			2018 Restated		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
4. Investment property						
Investment property	157,576,830	(61,159,716)	96,417,114	156,298,409	(57,214,936)	99,083,473

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Reconciliation of investment property–2019					
Cape Vidal tourist accommodation	25,644,412	799,438	(466,206)	(1,269,499)	24,708,145
Charters Creek tourist accommodation	17,872,091	1,939,343	(35,762)	(684,482)	19,091,190
Eastern Shores hiking trails facility	1,081,442	-	-	(54,370)	1,027,072
False Bay tourist accommodation	472,735	-	-	(33,566)	439,169
Fanies Island tourist accommodation	3,240,249	-	(149,073)	(198,883)	2,892,293
Kosi Bay tourist accommodation	3,223,295	-	(97,265)	(228,866)	2,897,164
Mabibi tourist accommodation	3,989,546	-	-	(244,098)	3,745,448
Manzengwenya tourist accommodation	5,074,056	-	-	(253,703)	4,820,353
Maphelane tourist accommodation	2,107,818	-	-	(149,665)	1,958,153
Rocktail Bay tourist accommodation	807,825	-	-	(56,119)	751,706
Sodwana Bay tourist accommodation	20,060,950	-	(164,417)	(1,278,171)	18,618,362
St Lucia Estuary camp sites	3,556,142	841,639	-	(231,013)	4,166,768
uMkhuze tourist accommodation	11,952,913	-	(91,148)	(560,473)	11,301,292
	99,083,474	3,580,420	(1,003,871)	(5,242,908)	96,417,115

Notes to the Annual Financial Statements (continued)

4. Investment property (continued)

	Opening balance	Additions	Disposals	Depreciation	Closing balance
Reconciliation of investment property – 2018					
Cape Vidal tourist accommodation	26,898,366	(1,253,954)	-	-	25,644,412
Charters Creek tourist accommodation	4,671,180	13,641,369	(64,001)	(376,457)	17,872,091
Eastern Shores hiking trails facility	1,135,812	-	-	(54,370)	1,081,442
False Bay tourist accommodation	506,301	-	-	(33,566)	472,735
Fanies Island tourist accommodation	3,439,132	-	-	(198,883)	3,240,249
Kosi Bay tourist accommodation	3,452,161	-	-	(228,866)	3,223,295
Mabibi tourist accommodation	4,347,274	-	(110,491)	(247,237)	3,989,546
Manzengwenya tourist accommodation	5,327,759	-	-	(253,703)	5,074,056
Maphelane tourist accommodation	2,257,483	-	-	(149,665)	2,107,818
Rocktail Bay tourist accommodation	863,944	-	-	(56,119)	807,825
Sodwana Bay tourist accommodation	21,339,121	-	-	(1,278,171)	20,060,950
St Lucia Estuary camp sites	4,139,152	-	(345,801)	(237,209)	3,556,142
uMkhuze tourist accommodation	4,863,556	7,468,572	-	(379,215)	11,952,913
	83,241,241	21,109,941	(520,293)	(4,747,415)	99,083,474
Reconciliation of Investment property under construction 2019					
		Cape Vidal	Charters Creek	St Lucia Estuary	Total
Additions/capital expenditure		799,438	1,939,344	841,639	3,580,421
Transferred to completed items		(799,438)	(393,766)	(841,639)	(2,034,843)
		-	1,545,578	-	1,545,578

Investment property under construction

Carrying value of investment property under construction is R1 545 578 and is included under Charters Creek tourist accommodation

A register containing the information of all assets is available for inspection at the registered office of the Authority.

Amounts recognised in surplus or deficit

PPP Fees from Investment property 2,633,359 2,890,565

No direct operating expenses or repairs and maintenance costs were incurred in respect of investment property.

New Investment Property under development:

- The Lokotwayo Heritage Site: this is being developed in conjunction with the Bhangazi Land Claims Trust and is still in the Environmental Impact Assessment stage. The total cost of this project is expected to be in the region of R35million.

Funding is being sourced from the National Department of Environmental Affairs for the community equity.

- The Charters Creek Sites: designs have been refined and finalised. Construction of Phase 1 is complete. Construction of Phase 2 is set to start in FY2019/20. Phase 1 comprises a camp site and Phase 2 a tourism lodge. R49million has been sourced from the National Department of Environmental Affairs.

Restrictions on Realisability of investment property:

Property cannot be alienated without the permission of the Minister of Environmental Affairs

There are no contractual obligations to purchase, construct, repair or enhance investment property.



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FOR THE YEAR ENDED 31 MARCH 2019

Notes to the Annual Financial Statements (continued)

	2019			2018 Restated		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
5. Intangible assets						
Computer software	279,135	(187,552)	91,583	417,791	(212,611)	205,180
Website (internal development)	88,342	(58,384)	29,958	88,342	(52,494)	35,848
Total	367,477	(245,936)	121,541	506,133	(265,105)	241,028
Reconciliation of intangible assets – 2019			Opening balance	Disposals	Amortisation	Closing balance
Computer software			205,180	(91)	(113,506)	91,583
Website (internal development)			35,848	-	(5,890)	29,958
			241,028	(91)	(119,396)	121,541
Reconciliation of intangible assets – 2018						
Computer software			82,673	254,830	(132,323)	205,180
Website (internal development)			41,737	-	(5,889)	35,848
			124,410	254,830	(138,212)	241,028
				Note(s)	2019 R'000	2018 R'000
6. Inventories						
Chemicals, protective clothing and consumables					7,984	46,519
Promotional materials					68,469	66,064
Stationery					24,079	19,640
					100,532	132,223
7. Receivables from exchange transactions						
Trade debtors					1,387,355	3,924,141
Prepaid expenses					67,695	84,820
Project advances and study loans to staff					136,237	108,771
Deposits					120,362	114,605
SARS					14,385	47,812
					1,726,034	4,280,149

Notes to the Annual Financial Statements (*continued*)

	Note(s)	2019 R'000	2018 R'000
8. Receivables from non-exchange transactions			
Grants and subsidies		11,584,446	55,006
Grants receivable comprises of:			
Working for Water		7,951,594	-
Lotto Art, Craft & Environment Programme		-	55,006
Working for the Coast 15/18		3,632,852	-
		11,584,446	55,006
Refer to note 11 for detailed grants reconciliation.			
9. Cash and cash equivalents			
Cash and cash equivalents consist of:			
Bank accounts – operational		8,801,865	35,263,697
Bank accounts – conditional grants		180,021,015	128,945,585
Bank accounts – other		10,580,675	10,159,670
Petty cash		206	112
		199,403,761	174,369,064
10. Payables from exchange transactions			
Trade payables		13,427,486	3,946,181
Accrued expenses		4,519,866	1,532,965
Accrued leave pay		1,337,588	1,158,513
Employee related deductions		13,920	20,159
Amounts owing to donors		15,853,654	11,314,393
Project advances		-	4,291
Retentions		5,872,037	8,688,475
Levies payable		5,983,598	7,393,703
Deposits on staff housing		25,686	21,319
Concessionaires' performance bonds		2,730,034	2,712,546
		49,763,869	36,792,545
The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the Authority has directly benefited; and Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised. See note 15 for reconciliation of grants from National/Provincial Government. These amounts are invested in a ring-fenced investment until utilised.			



ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

Notes to the Annual Financial Statements (continued)

	Note(s)	2019 R'000	2018 R'000
11. Unspent conditional grants and receipts			
Unspent conditional grants comprises of:			
Unspent conditional grants			
IP Equipment & Facilities		32,729,073	38,027,368
NIHSS Humanities Hub		526,071	487,971
Working for Water		-	232,120
Oceans and Cost		990,024	560,417
Corridor Lubombo		2,922	3,266
Tourism Infrastructure		5,077,468	5,078,542
Lotto Art, Craft & Environment Programme		435,074	-
IP Infrastructure 12/15		-	4,719,862
Working for Wetlands		-	1,000
Peace Parks Foundation		63,055	63,055
Working for the Coast 15/18		-	1,033,204
IP Infrastructure 15/18		-	37,454,665
Tourism Guides		41,135	278,122
IP Equipment & Facilities 17/18		2,834,591	14,540,857
IP Infrastructure 18/21		62,067,696	-
IP Value Added Industries		40,000,000	-
		144,767,109	102,480,449
The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the Authority has directly benefited; and Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised. See note 15 for reconciliation of grants from National/Provincial Government. These amounts are invested in a ring-fenced investment until utilised.			
12. Income received in advance			
Fees received in advance		359,148	357,466
13. Investment revenue			
Interest revenue Bank		2,017,752	2,486,553
14. Other income			
Sundry income		3,348,502	2,331,423
Bid and tender fees		52,000	20,100
		3,400,502	2,351,523
Included in Sundry Income are cost recoveries (as defined in the Note below) relating to Enterprise Development of SMMEs (Training) and the students bursaries programme (selected students from local communities). The income is recognised from the levy account when the expenditure is incurred. The amount included in Sundry Income are as follows:			
Training		1,208,133	723,930
Bursaries		1,563,448	1,033,118
Other Income		576,921	574,375
		3,348,502	2,331,423

Notes to the Annual Financial Statements (continued)

	Note(s)	2019 R'000	2018 R'000
15. Grants and subsidies			
Operating grants			
Unconditional grants		32,821,000	34,523,000
SANPARKS Environmental Monitors		5,431,034	1,586,508
NIHSS Humanities Hub		173,500	358,429
Working for Water		18,124,293	17,362,754
Oceans and Cost		1,828,623	2,247,255
Corridor Lubombo		38,102	-
Lotto Art, Craft & Environment Programme		841,555	429,954
Working for Wetlands		2,389,842	3,395,519
Working for the Coast 15/18		4,380,538	3,549,776
Tourism Guides		736,987	371,798
		66,765,474	63,824,993
Capital grants			
IP Equipment & Facilities		4,528,657	18,548,301
Tourism Infrastructure		1,073	1,005
IP Infrastructure 12/15		4,371,386	50,622,230
IP Infrastructure 15/18		34,850,837	54,932,725
IP Equipment & Facilities 17/18		10,005,547	10,648,967
IP Equipment & Facilities 18/21		8,872,525	-
		62,630,025	134,753,228
		129,395,499	198,578,221
Conditional and Unconditional			
Included in above are the following grants and subsidies received:			
Conditional grants received		137,718,289	163,245,542
Unconditional grants received		32,821,000	34,523,000
		170,539,289	197,768,542
IP Equipment & Facilities			
Balance unspent at beginning of year		38,027,368	59,756,387
Conditions met – transferred to grant revenue		(4,528,657)	(18,548,300)
Conditions met – transferred to management fees		(316,924)	(1,309,724)
Conditions met – transferred to administration fees		(135,790)	(576,586)
Conditions met – transferred to personnel costs recoveries		(316,924)	(1,294,409)
		32,729,073	38,027,368
Conditions still to be met – remain liabilities (see note 11).			

ANNUAL FINANCIAL STATEMENTS
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Notes to the Annual Financial Statements (continued)

	Note(s)	2019 R'000	2018 R'000
15. Grants and subsidies (continued)			
The grant is funded by Department of Environmental Affairs.			
Purpose of grant:			
Marketing/branding materials & equipment. Facilities and boundary upgrade (electrified game fencing); Furnishing of meet & greet; purchase of field vehicles and anti-poaching equipment, office upgrade			
NIHSS Humanities Hub			
Balance unspent at beginning of year		487,971	529,000
Current-year receipts		211,600	317,400
Conditions met – transferred to grant revenue		(173,500)	(358,429)
		526,071	487,971
The grant is funded by National Institute of Human and Social Science.			
Purpose of grant:			
Social science funding to implement a social hub to foster a spirit of collaborative knowledge production and dissemination amongst communities, civil society and different academic disciplines.			
Working for Water			
Balance unspent at beginning of year		232,120	64,521
Current-year receipts		13,711,790	20,951,211
Conditions met – transferred to grant revenue		(18,124,293)	(17,362,754)
Conditions met – transferred to management fees		(1,584,813)	(1,050,357)
Conditions met – transferred to administration fees		(679,205)	(575,509)
Conditions met – transferred to personnel costs recoveries		(1,507,193)	(1,794,992)
		(7,951,594)	232,120
Refer to note 8 for conditional grants receivable in the current year. For prior year liability refer to note 11.			
The grant is funded by Department of Environmental Affairs.			
Purpose of grant:			
Restoration of iSimangaliso land, through the empowerment of neighbouring communities, by clearing invasive alien plants.			
Oceans and Cost			
Balance unspent at beginning of year		560,417	736,171
Current-year receipts		2,258,230	2,200,000
Conditions met – transferred to grant revenue		(1,828,623)	(2,247,254)
Conditions met – transferred to administration fees		-	(128,500)
		990,024	560,417

Notes to the Annual Financial Statements (*continued*)

	Note(s)	2019 R'000	2018 R'000
15. Grants and subsidies (<i>continued</i>)			
Conditions still to be met – remain liabilities (see note 11).			
The grant is funded by National Institute of Human and Social Science.			
Purpose of grant:			
Social science funding to implement a social hub to foster a spirit of collaborative knowledge production and dissemination amongst communities, civil society and different academic disciplines.			
Working for Water			
Balance unspent at beginning of year		232,120	64,521
Current-year receipts		13,711,790	20,951,211
Conditions met – transferred to grant revenue		(18,124,293)	(17,362,754)
Conditions met – transferred to management fees		(1,584,813)	(1,050,357)
Conditions met – transferred to administration fees		(679,205)	(575,509)
Conditions met – transferred to personnel costs recoveries		(1,507,193)	(1,794,992)
		(7,951,594)	232,120
Refer to note 8 for conditional grants receivable in the current year. For prior year liability refer to note 11.			
The grant is funded by Department of Environmental Affairs.			
Purpose of grant:			
Restoration of iSimangaliso land, through the empowerment of neighbouring communities, by clearing invasive alien plants.			
Oceans and Cost			
Balance unspent at beginning of year		560,417	736,171
Current-year receipts		2,258,230	2,200,000
Conditions met – transferred to grant revenue		(1,828,623)	(2,247,254)
Conditions met – transferred to administration fees		-	(128,500)
		990,024	560,417
Conditions still to be met – remain liabilities (see note 11).			
The grant is funded by Department of Environmental Affairs.			
Purpose of grant:			
To manage the marine protected area.			
Corridor Lubombo			
Balance unspent at beginning of year		3,266	3,266
Conditions met – transferred to revenue		(38,101)	-
Interest income transferred to grant		37,757	-
		2,922	3,266



ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

Notes to the Annual Financial Statements (continued)

	Note(s)	2019 R'000	2018 R'000
15. Grants and subsidies (continued)			
Conditions still to be met – remain liabilities (see note 11).			
The project is funded by Department of Local Government & Traditional Affairs.			
Purpose of grant:			
Lubombo route development and marketing			
Tourism Infrastructure			
Balance unspent at beginning of year		5,078,542	1,475,991
Current-year receipts		-	3,603,556
Conditions met – transferred to grants revenue		(1,074)	(1,005)
		5,077,468	5,078,542
Conditions still to be met – remain liabilities (see note 11).			
The grant is funded by Department of Environmental Affairs.			
Purpose of grant:			
Infrastructure Development Programme for Charters Creek upgrade			
Lotto Art, Craft & Environment Programme			
Balance unspent at beginning of year		(55,006)	375,033
Current-year receipts		1,331,635	(85)
Conditions met – transferred to revenue		(841,555)	(429,954)
		435,074	(55,006)
Conditions still to be met – remain liabilities (see note 11). Refer to note 8 for conditional grants receivable in prior year.			
The Authority was awarded a grant by the National Lotteries Board for Youth Environmental Education, Art Skill and Craft Skills. The contract was concluded on 15 July 2010. Since inception of the project, contracts totalling R6,001,851 (since 2011/12 to 2017/18: R5,623,606) have been awarded			
Purpose of grant:			
Youth Environmental education, Art skills & Economic Development Programme and craft programme.			
Expenditure for the year was as follows:			
- Youth Environmental Education		-	97,974
- Art Skills		681,942	188,194
- Craft Skills		159,613	143,786
		841,555	429,954

Notes to the Annual Financial Statements (*continued*)

	Note(s)	2019 R'000	2018 R'000
15. Grants and subsidies (<i>continued</i>)			
IP Infrastructure 12/15			
Balance unspent at beginning of year		4,719,862	54,899,774
Current-year receipts		-	3,466,223
Conditions met – transferred to grants revenue		(4,371,386)	(50,622,231)
Conditions met – transferred to management fee		-	(1,852,053)
Conditions met – transferred to administration fee		(130,661)	(2,202,571)
Conditions met – transferred to personnel costs recoveries		(217,815)	-
Penalties charged		-	1,030,720
		-	4,719,862
Conditions still to be met – remain liabilities (see note 11).			
The grant is funded by Department of Environmental Affairs.			
Purpose of grant:			
Infrastructure Development Programme.			
Working for Wetlands			
Balance unspent at beginning of year		1,000	1,143,517
Current-year receipts		2,624,000	2,599,438
Conditions met – transferred to grant revenue		(2,389,842)	(3,395,519)
Conditions met – transferred to management fee		(155,326)	(114,620)
Conditions met – transferred to administration fee		(79,832)	-
Conditions met – transferred to personnel costs recoveries		-	(231,816)
Refer to note 8 for conditional grants receivable in the current year. For prior year liability refer to note 11.			
The grant is funded by Department of Environmental Affairs.			
Purpose of grant:			
Restore functioning of degraded wetlands system.			
Peace Parks Foundation			
Balance unspent at beginning of year		63,055	63,055



ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

Notes to the Annual Financial Statements (continued)

	Note(s)	2019 R'000	2018 R'000
15. Grants and subsidies (continued)			
Conditions still to be met – remain liabilities (see note 11).			
The project is funded by Peace Parks Foundation.			
Purpose of grant:			
Special scientific research studies for the Transfrontier Conservation with Mozambique			
Working for the Coast 15/18			
Balance unspent at beginning of year		1,033,204	-
Current-year receipts –		-	4,799,907
Conditions met – transferred to grant revenue		(4,380,538)	(3,549,776)
Conditions met – transferred to management fee		(137,643)	(187,005)
Conditions met – transferred to administration fee		(49,560)	103,653
Conditions met – transferred to personnel costs recoveries		(98,315)	(133,575)
		(3,632,852)	1,033,204
Refer to note 8 for conditional grants receivable in the current year. For prior year liability refer to note 11.			
The grant is funded by Department of Environmental Affairs.			
Purpose of grant:			
Coast clean-up, maintenance of ablution blocks, maintenance of boardwalk, jetties and viewing decks and monitoring of beach.			
IP Infrastructure 15/18			
Balance unspent at beginning of year		37,454,665	-
Current-year receipts		-	96,721,384
Conditions met – transferred to grants revenue		(34,850,837)	(54,932,725)
Conditions met – transferred to administration fee		(950,745)	(1,281,444)
Conditions met – transferred to personnel costs recoveries		(1,653,083)	(3,076,490)
Penalties charged		-	23,940
		-	37,454,665
Refer to note 8 for conditional grants receivable in the current year. For prior year liability refer to note 11.			
The grant is funded by Department of Environmental Affairs.			
Purpose of grant:			
Infrastructure Development Programme			
Tourism Guides			
Balance unspent at beginning of year		278,122	649,920
Current-year receipts		500,000	-
Conditions met – transferred to grants revenue		(736,987)	(371,798)
		41,135	278,122

Notes to the Annual Financial Statements (*continued*)

	Note(s)	2019 R'000	2018 R'000
15. Grants and subsidies (<i>continued</i>)			
Conditions still to be met – remain liabilities (see note 11).			
The project is funded by Department of Tourism.			
Purpose of grant:			
To develop the capacity of tourist guides to enhance the overall visitor experience provided at the iSimangaliso Wetland Park.			
IP Equipment & Facilities 17/18			
Balance unspent at beginning of year		14,540,857	-
Current-year receipts		-	27,000,000
Conditions met – transferred to grants revenue		(10,005,547)	(10,648,967)
Conditions met – transferred to management fee		(700,312)	(745,376)
Conditions met – transferred to administration fee		(300,095)	(311,364)
Conditions met – transferred to personnel costs recoveries		(700,312)	(753,436)
		2,834,591	14,540,857
Conditions still to be met – remain liabilities (see note 11).			
The grant is funded by Department of Environmental Affairs.			
Purpose of grant:			
IT equipment ,Gate furniture & equipment , Park furniture,office improvements, Signage. Dredge spoil removal			
IP Infrastructure 18/21			
Current-year receipts		71,650,000	-
Conditions met – transferred to revenue		(8,872,525)	-
Conditions met – transferred to administration fee		(266,166)	-
Conditions met – transferred to personnel costs recoveries		(443,613)	-
		62,067,696	-
Conditions still to be met – remain liabilities (see note 11).			
The grant is funded by Department of Environmental Affairs.			
Purpose of grant:			
Charters Creek tourism development, office building, roads, fence and building maintenance and signage.			
SANParks – Environmental Monitors			
Current-year receipts		5,431,034	1,586,507
Conditions met – transferred to revenue		(5,431,034)	(1,586,507)
		-	-



ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

Notes to the Annual Financial Statements (continued)

	Note(s)	2019 R'000	2018 R'000
15. Grants and subsidies (continued)			
The grant is funded by SANPARKS.			
Purpose of grant:			
To appoint environmental monitors to assist the Authority in funding its conservation operations.			
IP Value Added Industries			
Current-year receipts			
40,000,000			
Conditions still to be met – remain liabilities (see note 11).			
The grant is funded by Department of Environmental Affairs.			
Purpose of grant:			
Roads rehabilitation, housing, field ranger camp, libraries and ablution at schools using value add materials and development of craft market.			
16. Public contributions and donations			
Donations			
305,842			
390,759			
Donations are received and transferred to the rare and endangered species fund. These are recognised as revenue in the period in which the expense was approved and incurred.			
17. Personnel costs			
Basic salary			
20,920,886			
24,271,042			
Leave & bonus pay			
179,075			
388,032			
Travel reimbursive			
494,092			
468,197			
Skills development levy			
254,226			
195,478			
Payroll processing			
56,453			
49,741			
Recruitment			
151,460			
91,995			
Workmens compensation			
98,320			
94,667			
Relocation			
-			
49,588			
Training			
63,500			
243,214			
Other costs related to personnel			
10,140			
7,681			
22,228,152			
25,859,635			
Charge-outs to projects			
(4,937,255)			
(9,487,288)			
17,290,897			
16,372,347			

Notes to the Annual Financial Statements (continued)

	Note(s)	2019 R'000	2018 R'000
18. Project costs			
Project costs comprises:			
- Bank charges		16,620	17,642
- Chemicals, materials & equipment hire		4,260,049	17,250,955
- Management and administration fees		402,051	337,087
- Wages		21,618,948	23,145,207
- Maintenance		8,320,459	-
		34,618,127	40,750,891
19. Professional and legal fees			
Professional fees		5,717,525	6,426,597
Legal fees		1,530,271	3,088,348
		7,247,796	9,514,945
20. Depreciation and amortisation			
Depreciation and amortisation comprises:			
- Depreciation on property, plant & equipment		29,998,268	26,478,571
- Depreciation on Investment property		5,242,910	4,747,415
- Amortisation on Intangible assets		119,396	138,212
		35,360,574	31,364,198
21. Lease rentals on operating lease			
Equipment			
Contractual amounts		88,148	85,116
Equipment rental comprises payments made for operating leases of photocopiers. The contracts in respect of photocopiers lapse on 23 October 2020. Refer to commitment note for contractual commitments disclosure.			
22. Debt impairment			
Debt impairment		-	15,896
The amount written off is in respect of dangerous game training and recovery costs owing by Ezemvelo, a balance on a boat permit owing by the University of KwaZulu-Natal and photocopies charges for access to information. The amounts have been outstanding for over 5 years. iSimangaliso has taken the conservative view and written these amounts off.			



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FOR THE YEAR ENDED 31 MARCH 2019

Notes to the Annual Financial Statements (continued)

	Note(s)	2019 R'000	2018 R'000
23. Contracted services			
Contracted services comprises of:			
Repairs and maintenance to assets: Refer to note		3 773,776	21,411,377
Other contracted services		9,958,605	3,712,865
		17,698,381	25,124,242
24. Loss on disposal of fixed assets			
Loss on disposal of fixed assets comprises:			
- Property, plant & equipment		5,826,597	15,563,077
- Investment property		1,003,871	520,293
- Intangible assets		91	-
		6,830,559	16,083,370
25. Other operating expenses			
Advertising		23,940	232,152
Audit fees – internal		265,204	403,323
Auditors remuneration		1,276,024	1,276,442
Bank charges		346,380	253,809
Board expenses		786,909	1,187,426
Computer expenses		12,341	14,984
Conferences and seminars		-	2,300
Discount allowed		32,500	15,030
Donations		12,980	9,000
Electricity, water, sewer and rates		1,097,821	1,429,319
Training		6,778,033	4,979,976
Game purchases and management		305,842	572,716
Gate operating costs		14,786,742	11,128,687
Insurance		233,997	266,723
License fees		221,150	189,127
Marketing and promotion		918,258	779,508
Postage and courier		18,581	18,983
Printing and stationery		311,644	341,307
Security		9,622,568	8,620,793
Staff refreshments, consumables and cleaning		104,212	108,679
Subscriptions and membership fees		-	123,020
Telephone and fax		295,974	328,478
Travel		916,300	728,235
Wages – monitors		5,431,034	1,586,508
Workshops & meetings		796,670	281,824
		44,595,104	34,878,349

Notes to the Annual Financial Statements (*continued*)

	Note(s)	2019 R'000	2018 R'000
26. Auditors' remuneration			
Fees		1,276,024	1,276,442
27. Cash generated from operations			
(Deficit) surplus		(1,777,357)	58,679,975
Adjustments for:			
Depreciation and amortisation		35,360,575	31,364,199
Gain on sale of assets and liabilities		6,830,559	16,083,369
Debt impairment		-	15,896
Changes in working capital:			
Inventories		31,691	120,772
Receivables from exchange transactions		2,554,115	(2,604,612)
Other receivables from non-exchange transactions		(11,529,440)	17,771,703
Payables from exchange transactions		12,971,324	(22,093,590)
Unspent conditional grants and receipts		42,286,660	(17,216,187)
Income received in advance		1,682	9,219
		86,729,809	82,130,744
28. Refund of surplus			
Surplus funds refunded to National Treasury		(12,300,000)	-
During the current year, the Authority refunded R12 300 000 to National Treasury in terms of section 53(3) of PFMA.			
29. Commitments			
Capital expenditure			
Approved and contracted for:			
• Building and structures		-	14,700,183
• Roads		-	5,890,249
• Signage		5,872,317	6,154,412
Total capital commitments		5,872,317	26,744,844
Total capital commitments			
Already contracted for but not provided for		5,872,317	26,744,844
The committed expenditure relates to the signage contract and will be financed through retained surpluses, existing cash resources, funds internally generated, and/or or government grants and subsidies.			

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

Notes to the Annual Financial Statements (continued)

	Note(s)	2019 R'000	2018 R'000
29. Commitments (continued)			
Operating leases – as lessee (expense)			
Operating lease payments represent rentals payable by the Authority for photocopiers. The contracts in respect of photocopiers lapse on 23 October 2020. No contingent rent is payable.			
The future rental commitments are:			
Minimum lease payments			
Payable during next financial year		88,345	87,640
Payable 2 to 3 years after reporting date		51,535	131,460
		139,880	219,100
30. Contingencies			
The Authority had the following contingent liabilities:			
Construction contract		12,038,123	12,038,123
Fire Claim		35,067,037	35,067,037
		47,105,160	47,105,160
Land claims			
A number of land claims have been settled on land controlled by the Authority in respect of which co-management agreements have been concluded. The agreements do not permit occupation or use of Park assets and there are no recurring fixed financial obligations for iSimangaliso.			
Construction contract			
Sanyati, a construction company that contracted to iSimangaliso, was liquidated in July 2012. The Authority took the view that it would not recover any monies due to it by Sanyati and wrote the amounts in question off in previous years. Subsequently, Sanyati's liquidator raised a claim for work measured post liquidation, and disputed penalties levied by the Authority against Sanyati for non-achievement of labour targets. The liquidator's claim has, however, not been pursued and, in the Authority's view, may have become prescribed. Nonetheless, the Sanyati liquidator called for the issue of a final account and a final payment certificate, indicating that its claim might not, in fact, have prescribed. In the circumstances, the Authority considers it prudent to treat a potential claim from the liquidator as a contingent liability.			
Fire Claim			
The Western Shores section of iSimangaliso has incorporated forestry land belonging to Siyaqubeka (SQF) by agreement. In August 2012, two fires broke out in park and forestry areas. SQF issued summons in 2015 for damages to its Dukuduku and Nyalazi plantations initially in the amounts of R705,188 and R14,342,237 respectively. After March 2015, SQF amended its pleadings and increased the claim to R3,056,150 for Dukuduku and R32,010,887 for Nyalazi. The matter has been referred to counsel. The Authority has been advised that claims involving contributory negligence may run for up to 5 years. The amount of the claim is reflected as a contingent liability.			

Notes to the Annual Financial Statements (*continued*)

	Note(s)	2019 R'000	2018 R'000
31. Related parties			
Relationships			
Parent department	Department of Environmental Affairs (DEA)		
Controlled by DEA	South African National Parks		
Identity of related parties			
The Authority's parent department is the Department of Environmental Affairs (DEA). The entities under the control of the Department of Environmental Affairs are South African Biodiversity Institute, South African National Parks and South African Weather Services. The Authority receives an annual allocation from DEA, which it uses to finance its operations. From time to time it also receives additional grants from the Expanded Public Works Programme (EPWP) managed by DEA.			
Related party balances			
Amounts included in payables regarding related parties			
DEA-DEA-Amounts owing to donors (interest on project funds)		15,403,935	10,865,018
Amounts included in receivables regarding related parties			
Grants receivable		11,584,446	-
Approved allocation of funding with related parties			
DEA-Operations for the next financial year		36,076,000	32,821,000
DEA-Infrastructure & equipment for the next financial year		74,516,000	71,650,000
Related party transactions			
Transfers from related party			
DEA-Grants received		160,806,790	207,177,104
Key management information			
Class	Description	Number	
Non-executive board members	All independent	8	
Executive board members	CEO	1	
Executive management	Departmental heads	4	
Key management-related activities			
No loans or payments were made to management of DEA during the year, nor were any material transactions entered into with them.			



ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

Notes to the Annual Financial Statements (continued)

	Meeting attendance fees	Allowances/ Reimbursements	Total
31. Related parties (continued)			
Remuneration of management			
Board members			
2019 Non-Executive Members			
Mr P N B Zwane (Chair)	95,435	6,450	101,885
Ms B Schreiner (Vice Chair)	77,448	822	78,270
Ms P S Dlamini	43,435	5,875	49,310
iNkosi Z T Gumede	7,325	-	7,325
Mrs T Mhlongo	31,428	6,869	38,297
Mrs D S Nene	54,999	-	54,999
Prof A T Nzama	10,340	2,263	12,603
Mr S Roopa	33,390	2,882	36,272
	353,800	25,161	378,961
2018 Non-Executive Members			
Mr P N B Zwane (Chair)	158,483	2,573	161,056
Ms B Schreiner (Vice Chair)	89,044	156	89,200
Ms P S Dlamini	33,332	-	33,332
iNkosi Z T Gumede	11,765	387	12,152
Mrs T Mhlongo	24,047	-	24,047
Mrs D S Nene	41,321	-	41,321
Prof A T Nzama	20,016	-	20,016
Mr S Roopa	42,772	228	43,000
	420,780	3,344	424,124
Expenses paid to non-executive board member are included in board expense in the Statement of Financial Performance.			

Notes to the Annual Financial Statements (*continued*)

	Basic salary	Allowances	Medical aid	Severance pay	Total
31. Related parties (<i>continued</i>)					
Executive and Senior management					
2019					
Name					
Chief Executive Officer – September 2018 to March 2019	990,626	-	-	-	990,626
Interim Chief Executive Officer – April 2018 to August 2018	869,965	120,580	-	-	990,545
Acting Business Director	546,416	-	-	-	546,416
Executive Manager Biodiversity	1,196,510	72,595	62,556	-	1,331,661
Chief Financial Officer	1,243,466	51,600	-	-	1,295,066
Research & Policy Senior Manager	883,263	66,646	-	475,000	1,424,909
	5,730,246	311,421	62,556	475,000	6,579,223
2018					
Name					
Interim Chief Executive Officer – September 2017 to March 2018	1,133,011	98,000	-	-	1,231,011
Chief Executive Officer – April 2017 to August 2017	698,855	38,444	19,050	4,148,773	4,905,122
Business Director-7 Months	844,021	80,498	11,536	2,816,010	3,752,065
Executive Manager Biodiversity	1,112,358	70,524	63,116	-	1,245,998
Chief Financial Officer	989,399	77,904	-	-	1,067,303
Research & Policy Senior Manager	1,159,874	51,600	-	-	1,211,474
	5,937,518	416,970	93,702	6,964,783	13,412,973



Notes to the Annual Financial Statements (*continued*)

32. Heritage assets

The iSimangaliso Wetland Park is 358 534 hectares in extent. The five major ecosystems found in iSimangaliso provide habitat for a significant diversity of African biota. These ecosystems are:

- The marine ecosystem, characterised by a warm sea, the southernmost extension of coral reefs in Africa, submarine canyons and long sandy beaches
- The coastal dune system, consisting of linear dunes up to 180m in height, sub-tropical forests, grassy plains and wetlands
- Lake systems, consisting of two estuarine-linked lakes (St Lucia and Kosi) and four large freshwater lakes
- The uMkhuze and iMfolozi swamps, with swamp forest, extensive reed and papyrus wetlands
- The inland western shores, with ancient shoreline terraces and dry savannah woodland.

This diversity provides important habitats for a large number of species, including those that are rare, threatened or endemic.

The species' lists for iSimangaliso are the most extensive in the region, and population sizes of most species are viable. Of the over 6,500 plant and animal species known to occur in the Park, populations of those with conservation importance include 11 species that are endemic to the Park, 56 species endemic to KwaZulu-Natal, and 108 species endemic to South Africa. 467 Species are listed as threatened in South Africa. In the past, little was known about the status and viability of many rare, threatened and endemic species in the Park, particularly the lower vertebrate and invertebrate species. But studies on a number of these species are currently underway.

The Park is situated on the southernmost extremity of the

Mozambique coastal plain and, as a result, hosts numerous species not found elsewhere in South Africa. This adds to the value and importance of this unique area from a South African species-conservation perspective. The presence of some of these species north of our borders, cannot detract from the importance of conserving the South African populations, as very little information is generally available on their conservation status and distribution in other parts of southern and central Africa. iSimangaliso is clearly a critical habitat for a range of species from Africa's marine, wetland and savannah environments.

iSimangaliso also has four Ramsar sites*, an accreditation that recognises the ecological significance of those sites', their function as wetlands and their importance as resources of economic, cultural, scientific and recreational value. The sites are:

- St Lucia Lake System: on the coast, between the iMfolozi Swamps from south of the iMfolozi River to the uMkhuze River in the north. The site was designated on 2 October 1986 (Ramsar Site # 345)
- Turtle Beaches/Coral Reefs of Tongaland: on the coast, stretching from just south of Cape Vidal northwards to the border of Mozambique. The site was designated on 2 October 1986 (Ramsar Site # 344)
- Kosi Bay Lake System: on the coast south of Mozambique on the Maputaland Coastal Plain. The site was designated on 28 June 1991 (Ramsar Site #527);
- Lake Sibaya: on the coast, north of the Cape Vidal Reserve and South of Sodwana Bay. The site was designated on 28 June 1991 (Ramsar Site # 528).

The remarkable ecological diversity and significance of iSimangaliso is, therefore, unique, not only on the African continent, but also from a global perspective. For example, available information suggests that no other locality in

the world harbours such a wide range of wetland types in a single protected area. Of the 32 marine/coastal and inland natural-wetland forms recognised by the Ramsar Convention, no fewer than 23 of these forms occur within the Park.

The financial value of the Park's heritage assets cannot be reliably measured as there is no active market.

*A Ramsar site is a wetland protected under the 1971 Ramsar Convention on Wetlands of International Importance.

33. Change in estimate

Property, plant and equipment

The useful life of computer equipment was revised in the current year after management noted that some assets have more useful life than originally estimated. The effect of this revision has reduced depreciation charges for the current period by R576,595 and increased depreciation charges for future periods by R12 180 annually.

34. Comparative figures

During the prior year, Work in Progress was disclosed in the note to property plant and equipment as a separate class of asset.

Amendment to GRAP 17 with effect from 1 April 2016 requires the Authority to disclose the cumulative expenditure recognised in the carrying value of property, plant and equipment in the process of being constructed or developed in aggregate, per class of asset. Comparatives were reclassified in the current year and capital work in progress was disclosed in aggregate, per class of asset as required.

The effects of the reclassification on each affected class of asset is as follows as at 31 March 2018:

Notes to the Annual Financial Statements (*continued*)

	Carrying value as previously reported	Reclassification	Restated balance before prior period error adjustments
34. Comparative figures (<i>continued</i>)			
2018			
Buildings and structures	135,052,614	32,718,130	167,770,744
Roads and bridges	282,826,208	18,484,729	301,310,937
Fences	20,314,311	5,632,690	25,947,001
Reservoirs and boreholes	9,663,887	-	9,663,887
Operating equipment	2,770,196	3,039,490	5,809,686
Capital work in progress	59,875,039	(59,875,039)	-
Furthermore, some items of statement of financial performance were reclassified from other operating expenses and presented separately on the face of income statement. Training costs associated with projects were also reclassified from other operating expenses to projects costs. The effect of the reclassification is as follows:			
	As previously reported	Reclassification	Restated balance
2018			
Lease rentals on operating lease	-	85,116	85,116
Contracted services	-	25,124,242	25,124,242
Other operating expenses	60,087,706	(25,209,358)	34,878,348
	60,087,706	-	60,087,706
35. Prior period errors			
Useful lives of property, plant and equipment and intangible assets were reviewed in the prior year, however all adjustments were not brought in correctly. The adjustment were adjusted retrospectively in the current year. The net effect of the adjustments on each class of asset are shown below:			
Operating equipment	241,319		
Motor vehicles	8 399		
Office equipment	119		
Furniture & Fittings	4,474		
Computer equipment	34 001		
Computer Software	(574)		
Cash flow from operating activities was incorrectly presented as cash receipts and cash payments were based on accruals directly from income statement.			

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

Notes to the Annual Financial Statements (continued)

	Note(s)	2019 R'000	2018 R'000
35. Prior period errors (continued)			
The correction of the error results in adjustments as follows:			
Statement of financial position			
Property, plant and equipment		-	288,315
Intangible assets		-	(574)
Opening Accumulated Surplus		-	574
Statement of financial performance			
Depreciation expense –		-	(288,309)
Cash flow statement			
Cash flow from operating activities			
Increase in cash receipts from operating activities		-	(12,913,756)
Decrease in cash paid to suppliers & employees		-	(12,913,756)
Related party information disclosed in the prior was overstated for Grants receivable and for Amounts owing to donors (interest on project funds) as it included amounts from unrelated parties.			
Disclosure			
Related party balances			
Amounts owing to donors (interest on project funds) –		-	(449,375)
Grants receivable		-	(55,006)

Notes to the Annual Financial Statements (*continued*)

	Note(s)	As previously reported	Correction of error	Restated
36. Prior-year adjustments				
Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:				
Statement of financial position				
2018				
Property, plant and equipment		512,429,497	288,315	512,717,812
Accumulated Surplus		650,960,556	287,739	651,248,295
Intangible assets		241,602	(574)	241,028
Statement of financial performance				
2019				
Depreciation expense		31,652,508	(288,309)	31,364,199
Cash flow statement				
2018				
Cash flow from operating activities				
Cash receipts from operating activities		235,889,107	(12,913,756)	222,975,351
Cash paid to suppliers & employees		153,758,362	(12,913,756)	140,844,606
Disclosures				
Related party balances				
Amounts owing to donors (interest on project funds)		11,314,393	(449,375)	10,865,018
Grants receivable		55,006	(55,006)	-
37. Risk management			2019	2018
Liquidity risk				
The Authority's risk to liquidity is a result of the funds available to cover future commitments. The Authority manages liquidity risk through an ongoing review of future commitments.				
The table below shows the Authority's financial liabilities at the statement of financial position date. The amounts disclosed in the table are the undiscounted cash flows as all liabilities are due within 12 months and the impact of discounting is not significant.				
Financial instrument				
Trade and other payables			49,763,867	36,792,543
Unspent conditional grants			144,767,109	102,480,449
Income received in advance			359,148	357,466
			194,890,124	139,630,458



ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

Notes to the Annual Financial Statements (continued)

	2019	2018
37. Risk management (continued)		
Credit risk		
Credit risk consists mainly of cash deposits, cash equivalents, receivables from exchange transactions and receivables from non-exchange transactions. The Authority only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.		
Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.		
Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.		
Financial assets exposed to credit risk at year end were as follows:		
Trade debtors	1,387,355	3,924,141
Deposits	120,362	114,605
SARS	14,385	47,812
Grants receivable	11,584,446	55,006
	Total due	Of which government
		Percentage of government
Debtors past due for this financial year amount to:	222,740	25,200
120 days	27,841	600
90 days	146,380	11,365
60 days	103,232	-
30 days	500,193	37,165
The risk associated with government debtors is considered low. The government debt reflected in 120 days is in respect of utilities payable by Ezemvelo KZN Wildlife.		
Other Risks		
Interest rate risk		
As the Authority has no significant interest-bearing assets, the Authority's income and operating cash flows are substantially independent of changes in market interest rates. Hence, the risk is considered low as deposits are held with a major South African bank. The Authority does not invest in equity instruments.		

Notes to the Annual Financial Statements (continued)

	2019	2018
38. Going concern		
We draw attention to the fact that the Authority made a loss of R1 777 357 in the 2019 financial year. However, as at March 31, 2019, the Authority had an accumulated surplus (deficit) of R 637,170,939 and that the entity's current assets exceed its current liabilities by R 17,924,649.		
The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.		
The ability of the Authority to continue as a going concern is dependent on a number of factors. The most significant of these is that the government will continue to procure funding for the ongoing operations for the Authority.		
39. Irregular expenditure		
Opening balance	6,905,790	4,200,960
Add Irregular Expenditure relating to prior year	-	2,704,830
Add Irregular Expenditure relating to current year	690,610	-
	7,596,400	6,905,790
During the previous financial year, construction services were procured from a contractor, who was appointed in 2010 and had a new contract issued in 2016. Payments amounting to R4 200 960 were made. The irregular expenditure was due to noncompliance with the procurement processes in terms of National Treasury regulations on the stipulated advert timeframes and on the subsequent contract deviation in 2016. The irregular expenditure was not the result of fraudulent, corrupt and/or criminal activities by the Authority's officials. Value for money was derived from the services rendered were essential for the Authority's operations. The Authority will seek condonation from National Treasury.		
Also, during the previous financial year, Request for Quotation documents relating to the purchase of uniforms did not include the evaluation criteria for local content.		
Construction services to the value of R690 610 were procured from a contractor for signage in the Park during the financial year under review. The contractor was appointed in 2011. The supply chain management process was not followed in terms of the timeframe of the contract and the approval for a change in the scope of the work. Subsequent restructuring of the Authority and the formation of a supply chain management unit took place during the current financial year in order to address, inter alia, these issues		

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

Notes to the Annual Financial Statements (continued)

	Statement of financial performance	Actual amounts on a comparable basis	Timing difference
40. Reconciliation of budget timing difference			
Revenue			
Revenue from exchange transactions	-	-	-
Administration fees	5,487,071	2,592,053	-
Park Revenue	22,874,355	25,413,739	(2,539,384)
Other	5,418,254	8,619,114	-
Revenue from non-exchange transactions	-	-	-
Grant funding	129,701,341	160,152,720	(30,757,220)
	163,481,021	196,777,626	(33,296,604)
Expenditure			
Chemicals, materials & equipment hire	(4,260,049)	(4,972,007)	-
Depreciation & amortisation	(35,360,575)	(35,360,574)	-
Personnel costs (less of charge outs)	(17,290,897)	(17,290,896)	-
Contracted services	(17,698,381)	(26,018,840)	-
Management & administration	(402,051)	(402,051)	-
Professional & legal fees	(7,247,796)	(7,247,796)	-
Subcontractors	(21,618,948)	(28,074,887)	-
Training -	(6,778,033)	(6,778,033)	-
Other	(54,601,648)	(26,142,888)	(12,970,406)
	(165,258,378)	(152,287,972)	(12,970,406)
Timing difference – adjustment for accrual-basis accounting	-	-	(46,267,010)
41. Events after the reporting date			
Government Gazette Notice No.772, published on 23 May 2019, declaring the iSimangaliso Marine Protected Area in terms of Section 22B of the National Environmental Management: Protected Areas Act, 2003 (act No. 57 of 2003).			



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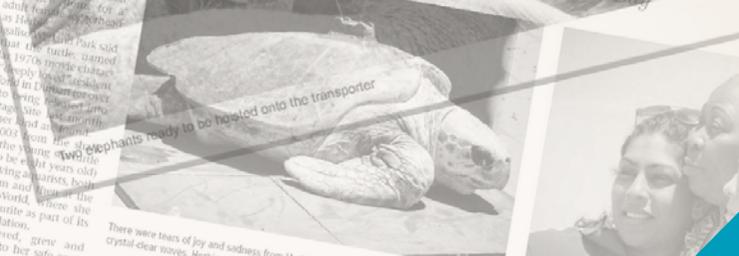
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 iSimangaliso Wetland Park



Legend Herbie swims south to breed



There were tears of joy and sadness from Herbie's fans at her grand send-off from iSimangaliso's Nine Mile Beach in KwaZulu-Natal, when she eagerly boarded a transporter fitted with a tractor that will supply scientists with the world's most iconic animals, with five of our waters. Both the gigantic, warm-blooded leatherback turtle and the smaller loggerhead turtle breed along the sandy shores of iSimangaliso, nestled in the mineral-rich beach dunes. Hand-killed green turtles live on the reefs and sea grass beds as juvenile sea turtles in the world's largest turtle sanctuary, iSimangaliso, but turtles are critically endangered across all oceans, with their populations declining due to over-harvesting.

Survey of whales in KwaZulu-Natal



Elephants ready to be housed onto the transporter

Mtubatuba schools benefit from library programme

There needs to be a dedicated teacher responsible for managing the library resources. Nosipho Ngoobo, iSimangaliso project facilitator at a number of schools within the Mtubatuba area that have a relationship with both the park and iSimangaliso was impressed with the way in which the library was resourced at these two schools. "Most of the library books have an environmental theme, in the hope that we can improve access to books and instill a passion for learning in our young people."

Herbie swims free to seek a loggerhead mate



iSimangaliso
Wetland Park

